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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2413

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TRADE MUST DEVELOP IN ACCORDANCE WITH NEEDS OF PEOPLE

Tirana RRUGA E PARTISE in Albanian Feb 83 pp 22-29

[Article by Vjollca Kallajxhi: "For Development of Trade in Harmony With the Ever Increasing Demands of the Population"]

[Text] Our socialist trade has been developed and is developing in harmony with the recommendations of the party, not as an activity of a technical apparatus used in a mechanical manner for the circulation of goods but as an activity of a very important link of extended socialist reproduction which, by maintaining direct contact with consumers and producers and by assuring the connection between production and consumption, recognizes the demands of the people for goods and cooperates with procedures for satisfying these ever increasing demands, thus, also giving its assistance in the implementation of the party policy for the gradual improvement of the wellbeing of the working masses.

Implementing the relationships between production and consumption in a planned manner, our socialist trade has actively influenced the uninterrupted continuation of the social production and its rapid development and the supplying of the masses of people in villages and cities in a regular manner. This fact is proven by the practice of last year, during which the supplying of the people was carried out better than during any other year, and the goods circulation plan was fulfilled. Here it is meritorious to mention especially the fact that, as a result of the complex of measures taken by the party to increase production, to enroll all new people in work in villages and cities and to reduce prices, to implement measures in favor of the hilly and mountainous area and so forth, last year the incomes of the population were increased by 5.9 percent, while the incomes of cooperative workers were increased by 16.5 percent. Equally important was the other fact that this increase in the purchasing power of the working masses was not with the necessary goods; as a matter of fact, the supplies of goods put on the market, increased more rapidly than the purchasing power of the people, and this took place in the difficult conditions caused by the great drought of last year and the earthquake of 17 November.

The real knowledge of the needs and demands of the population for goods, their study and the adoption of concrete measures to satisfy them better and better have always been and are the concern of the trade workers. The economic organs of this sector, under the guidance of the basic party organizations, have drafted, and are implementing, a large program of measures so as to assure this knowledge, considering it as the basic condition both for influencing the producers in regard to the ensuring of goods in the quantity, quality and structure required and in regard to the regular supplying of the population with these goods.

However, the present stage of the intensive development of the economy and of the entire life of our country, under the conditions of the great proportions of the development of the various branches of production, the increase of the incomes and purchasing power of the people, the strengthening of the technical-material base of trade and the improvements of technical-vocational capacities of the workers of this sector have made possible and necessary the further improvement of work, of methods and of forms for learning, on the most scientific bases, the demands of the people in cities and villages, according to zones, age groups and so forth. Speaking on this issue at his meeting in Drilon with some cadres in Korce and Pogradec districts, Comrade Enver Hoxha recommended that, in order to strengthen the role of trade, it is necessary to know, better than heretofore, the needs, tastes, demands and feelings of the people in cities, villages and in the plain and mountainous zones and to make concrete measures, on the part of the trade organs, so as to satisfy these demands according to the required structure and quality.

Under the present conditions, the solving of this task requires observation and face-to-face meetings with the various strata of the population, record-keeping, thorough study and improvement of statistical data so that the real requirements will be known on the basis of the incomes of the population and the concrete possibilities for satisfying them, in order to eliminate every manifestation of subjectivism, of globalism, of empiricism and of any dangerous practice which stems from the taste and desires of certain particular people, so as to assure the most real planning of the activity of supplying the people with goods according to zones, traditions, age groups, sex, seasons, districts and so forth. In regard to this issue, Comrade Enver Hoxha says: "Most fundamental are the measures which must be taken in the field of organization, of management, of planning, of study and of changes of backward and artisan concepts."

Thanks to the work done in regard to the understanding and execution of the directives of the part in this very important and vital field of the economy, the ways and roads which have assured a better and better satisfaction of the people's needs were found and improved. Thoroughness in studies, face-to-face meetings with consumers and producing enterprises, and cooperation and coordination of work between the producing enterprises and trade enterprises made it possible to overcome some difficulties and shortcomings in work and to solve some very important issues.

On the basis of the knowledge of the people's demands and of the study of possibilities for satisfying them, some issues have been correctly solved in regard to the expansion of the retail trade network and of its refrigeration system, the construction of warehouses and the production of some groups of important goods which have improved the level of trade service and of the cultural life in families, such as household stoves and kitchens, water heaters, knitwear for children up to 3 years old, as well as a number of other household and electric-household articles, school articles, fine and very fine articles and so forth.

Executing the recommendations of the party and on the basis of the knowledge of consumers' demands, good results have been achieved in the field of increasing the level of service in the food trade through the expansion of the packaging of some articles, the standardization of vegetables and of the implementation of some other advanced forms of service in the food trade.

However, the experience we have gained must be further advanced by improving the forms and means for the study, knowledge and satisfaction of consumers' demands in harmony with the dynamic development of the economic and social life of the country. We stress this, because, despite improvements, there are cases of shortcomings and of weaknesses in the satisfaction of the people's demands. It happens, for example, that some goods are produced in quantities and structures which do not fully satisfy the people's demands. Consequently, there have been cases of shortages of certain articles on the market, at a time while some other articles have a very slow circulation. And, we must admit that such a phenomenon has a number of negative consequences. The issue is that if consumers are offered some goods which they have not asked for, at a time when they need other goods, which they do not find on the market, this means that the people's demands have been fulfilled in general, in a global manner, as a value, but not as a consumption value, as an assortment, and as a structure of goods. It is obvious, that in this case a quantity of production did not respond to the purpose of socialist production--to the satisfaction of the people's needs--and, consequently, contradictions are produced which, if they are allowed to grow and if they are not rapidly solved, reduce the effectiveness of the social production.

For minimizing the weaknesses of this nature, a comprehensive work has been done and is being done for the further strengthening of the plan discipline and of the contractual discipline. In this framework, particular attention is being given to the study and drafting of the purchasing power balance in every district and at the level of the entire economy, the convincing and clarifying work for strengthening the revolutionary concepts in production, consumption and goods circulation has been intensified and a more successful struggle is being waged against the concrete manifestations of bureaucracy and liberalism--the basic issues for the trade workers--so that they will properly implement the party directives in the field of knowing and of fulfilling, in the best way possible, the people's demands and for reinforcing relationships between production and consumption.

To increase the effectiveness of the work of specialized trade organs, Comrade Enver Hoxha teaches us, the workers of this sector must be clever, skilled and progressive. The trade workers, cadres and specialists, mastering the policy of the party in this field and having great knowledge about socialist trade and about its technology, about the processes of sale and of service and about trade in general, must know how to act in every situation in regard to the fulfillment of the set tasks.

One of the important tasks of our trade workers is to be influential in the orientation of consumers' demands and in guiding them and in guiding the workers who produce consumer goods with taste and style which correspond to the socialist way of life.

By thoroughly understanding the directives of the party in this field, on the basis of a Marxist-Leninist ideological-aesthetic formation, the trade workers must struggle on two fronts. First of all, they must not fall under the influence of bourgeois and revisionist concepts, tastes and habits in life styles, which find their expression in cases of extravagant and pompous tendencies, love of comfort and luxury, so as to show off, and so forth, which are manifested by some consumers; these tendencies are fed and encouraged by most various means and ways, especially, by foreign bourgeois-revisionist ideological pressure. But, at the same time, no concession must be made to vulgar concepts and to tendencies to produce goods with no style and tasteless, as some cadres and workers do, using these concepts as a justification to escape difficulties stemming from the production of consumer goods with style and taste which are in a continual development.

The trade workers, Comrade Enver Hoxha teaches us, must be progressive, capable of influencing the development of the people's culture by increasing workers' interest, both in cities and villages in anything which is beautiful and progressive, through direct contact with consumers, by promoting healthy styles and taste and by helping producers and consumers alike in the selection of models and so forth. However, to play this role in trade and, in general, to improve trade, it is necessary for the trade workers to have far-reaching horizons, to master the quality, utility and aesthetics of goods; therefore, to be rich in ideas, an imagination and in creativity in the organization of a truly cultured trade.

We stress this, because, in practice, one also meets narrow understandings about trade culture. Some trade cadres and workers say that this is simply the good reception which it gets from the people. While, in fact, trade culture has a very broad meaning. First of all, it consists of knowing the people's needs in regard to quantity, structure, quality in the utilitarian and aesthetic sense and in satisfying, in the cultured internal and external presentation of the unit and in the use of progressive forms of service which reflect the general culture and the level of the technical-vocational training of the trade workers.

On the basis of such an understanding, it is necessary for the trade workers to have the most complete knowledge possible about trade culture and technology, and about merchandizing and aesthetics. And, we have

worked and are working to achieve this. The measures which are assigned, and which are being executed, for the improvement of educational programs and materials at the Economics Faculty at Tirana University, are providing cadres and specialists with a broad cultural education. Also, good work is being done for the training of trade workers through training courses. The fact that now more and more people with intermediate education are being employed as salespeople, waiters and bartenders is a positive tendency.

Nevertheless, the level of training of the trade workers is still low. The fact that in many districts more than 60 percent of the workers of the trade service have a low level of training shows that much remains to be done in this field, both in the direction of the improvement, the greater use of the forms of training and in the direction of the selections of the people who will work in the trade sector, so that they will fulfill the requirements both from the ideological aspect and the aspect of preserving the purity of the moral image and from the aspect of the technical-vocational training.

The issue is that, in order to elevate the general cultural and technical-vocational level of the trade workers, the conditions that have been created, the training schools and courses and the extensive existing ideological-aesthetic, technical-vocational and scientific literature, as well as the advanced experience collected and widely existing everywhere, but which needs to be generalized and dissipated everywhere--all must be better utilized than they have been. In this field, all skilled specialists of the trade sector, whose number has been greatly increased and is increasing in an uninterrupted manner, must be better and more broadly activated, through better coordination of work between the specialists in various fields who work in the trade sector, such as economists, merchandizers, designers, engineers, architects and so forth.

To have the most adroit and most maneuverable trade, at any time and in any situation which may be created, so as to always have a properly studied distribution and redistribution of goods, it is necessary to have the most exact and most scientific information on the conditions of goods in circulation, on the reserve supplies and so forth, in order that the taking of goods into the market be always carried out on the basis of the correct criteria which assure the supplying of the people in a regular manner and with as few expenses as possible. For this purpose, a whole system of statistical and operational record-keeping is carried out and balance sheets are drawn up, on the basis of which analyses are made at every trade enterprises, at the executive committees of the district people's councils and at the Ministry of Domestic Trade, and measures are adopted for the distribution and redistribution of goods according to districts and areas and for every trade unit. However, life and studies have shown that the existing information system in the trade sector does not fully respond to the present stage of its development, by providing rapid and exact information, at any time, on the situation in the market and in the trade depositories for all articles; this fact makes it difficult to ensure that the trade sector

operates with adroitness and maneuverability, which are the basic requirements for guaranteeing a good, rapid and regular supply and service of the people. Practice shows that, not infrequently, because of lack of rapid and exact information and because of lack of maneuvering by the trade workers, there are cases where some districts, zones or enterprises have a shortage in some goods, but have a surplus in some other goods.

The experience of some advanced enterprises show that, by cleverly maneuvering, they manage to have a well supplied market, satisfactorily covering the purchasing power of the population. And, this maneuvering is linked, especially, with the absorption of products by agriculture and with their preservation in order to use them during critical periods, with the increase in the supply of goods from the districts own resources and with the placing on the market of scarce goods combined with other goods or their replacement with goods which have similar content.

One of the very important tasks assigned to the trade sector by the party is that of its influence, through barter relationships, on the improvement of socialist relationships in the village--a field comprising a number of issues with an economic, ideological, political, social and technical-organizational nature.

In this framework, a particular importance is assigned to the absorption and circulation of all agricultural products and to their correct evaluation, through the better use of the lever of standards and prices, for encouraging both the development of agricultural production and the most extensive of a number of agricultural products by consumers. For this purpose, special attention is being devoted to the further expansion of the trade network and trade service in all zones of the country, especially, in the intensified zone, on a priority basis.

Last year, many efforts were carried out for the rapid absorption of the greatest number possible of agricultural products directly by the producing units at the selling places, without passing through the warehouses of the trade enterprises. Such a measure has made it possible to reduce the damage of products, to reduce excessive expenses and to relieve the agricultural units of some work in the transportation and preservation of goods, thus, improving the effectiveness of agricultural production and stimulating the further development of its various branches. Thus, for example, the trade enterprise in Korce District, as a result of the concrete measures which it took last year in regard to taking apples directly from the field, eliminating the superfluous links, managed to collect them 1 month ahead of schedule at a time when production was about two times greater than planned.

However, it is a fact that there still is much to be done in order to reach the objectives, and to fulfill the tasks, assigned by the party to the trade organs and workers in this field. And, we must admit that, in regard to the collection, processing and marketing of agricultural

products in greater and greater proportions, on time and with good quality, so that nothing produced by agriculture, and for which most sweat has been shed, could be damaged. It is necessary to strictly implement the complex of organizational and technical measures set to strengthen the technical and material base, to accelerate the pace of the training of cadres and so forth. But, above all, it is necessary to carry out a greater and more skillful activity of persuasion and explanation, in order to instill the most correct concepts about the necessity of these measures, and to extend the study work, so that everything is done in a thoughtful manner, from the setting up of collection and processing points as near as possible to the place where the products are produced and the strengthening and most effective utilization of transport capacities up to the correct use of the lever of prices. All these issues are being carefully studied, on the basis of Comrade Enver Hoxha's recommendations that the issues of collection and of processing of agricultural products must be treated from all aspects, that is, organizationally, financially, materially and ideologically, so that the production forces will be developed and socialist relationships in production will be further improved.

In the framework of the measures being implemented for the collection of all agricultural products, particular attention is being given to the improvement, generalization and dissemination of the good experience of the state and economic organs in Korce District in the field of industrialization of vegetables, for extending the cycle of their use, for narrowing the division of periods of production and for reducing the seasonal nature of their sale. This issue is on the road to its gradual solution, along with the strengthening of the material base of trade and, especially, with the increase of the depository capacities of the refrigeration plants. Measures have been taken so that this year the depository capacities of the refrigeration plants will be about 25 percent larger.

The issue of extending the cycle of the use of vegetables to all months of the year, through their preservation by scientific methods in depositories and refrigeration plants, has been and will be the object of a continuing study and experimentation during the years of this five-year plan. And, results have been good in the preservation of some kinds of vegetables and fruits. However, possibilities and reserves are much greater. An example of this is the good experience of the workers of some refrigeration plants who, relying on the data of science and applying technical discipline, have made it possible, especially, through thermal processing, to preserve all kinds of vegetables in a very good condition, with all their nutritive characteristics and even their freshness. However, this experience still is not properly disseminated; therefore, it is necessary that the party organizations, the state and economic organs and, especially, the Ministry of Domestic Trade, take this matter properly into their hands, in order to combat outdated concepts and practices and promote the progressive new elements, so as to use the new methods and ways for preserving the reserves of the various goods in

accordance with the requirements of the great socialist production and with the always increasing demands of the population for fresh vegetables and fruits, and with good quality, during all the seasons of the year.

It is known that, in addition to the trade organs, the enterprises of light industry and the food industry are also dealing with the collection and processing of agricultural and livestock products; while, practice shows that, under the conditions of an intensive agriculture, of a large centralization and of a great increase in agricultural and livestock production, the necessity had emerged for better coordination of work between the trade enterprises and those of light industry and the food industry. Thus, it would be reasonable to establish joint collection points as near to the product as possible and that the evaluation and selection of products be carried out there; that is, it would be decided there what products would be industrialized, what products would be preserved in the refrigeration plants and what products would be consumed while they were still fresh, to eliminate those cases when some agricultural products destined for fresh consumption might be sent for processing or, vice versa, when those products suitable for processing or for preservation might be used for immediate consumption.

The tasks assigned by the party for fulfilling the demands and real needs of the people with consumer goods in the planned quantity, structure, assortment and quality, but also on time and in a regular manner, are many and comprehensive. Therefore, it is necessary that the work of the trade workers, under the leadership of the party organizations, be comprehensive, skilled and qualified. Also, it is necessary that there be a better and better coordination of work between the specialized trade organs and the other state and economic organs, especially, between the trade enterprises and the producing enterprises, always taking into consideration the consumers' demands and observations. To implement the recommendations of the party and of Comrade Enver Hoxha, the party organizations and, under their leadership, the state governing organs in the trade sector have drafted programs of measures for the invigoration and improvement of work; while, the achievements of last year show that, if we determinedly work for implementing these programs, we will insure the qualitative improvement which is required in the trade field.

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IMPORTANCE OF EFFORTS TO INCREASE LABOR PRODUCTIVITY

Tirana RRUGA E PARTISE in Albanian Feb 83 pp 6-14

[Article by Hasan Banja: "In the Present Stage of Development, the Fulfillment of the Tasks for Increasing Labor Productivity is of Particular Importance"]

[Text] The rapid and firm increase of the social product and of national revenues during the entire period of the building of socialism is an outstanding characteristic of our economy. During the past 2 decades (1961-1981) alone, the overall social production increased by 3.9 times with an average annual rate of 2.6 times higher than the average annual rate of increase of the population. This fact was made possible as a result of the increase of the number of workers in the branches of material production and of the rapid increase of the social productivity of labor. In harmony with these two factors for the increase of production and of national revenues, the five-year plans for the socioeconomic development of the country have insured the main proportions in the field of the final distribution of national revenues and the growth of the accumulation fund, of investments and of basic constructions.

The harmonization of these two factors of increase of the social production, giving priority to the increase of labor productivity, has always held a central position in the economic policy of the party. Experience shows that these factors have been influential and are being influential in a noticeable manner. The more our economy progresses on the road to its intensive development, the more the growth of social productivity of labor has become the main and most important factor for increasing the social product, the national revenues and the effectiveness of production. This is also shown in the fact that from one five-year plan to another, the specific proportion of the increase of the social product, achieved from raising labor productivity, has been increasing. During the past 30 years, labor productivity in industry has been increased more than 3.5 times and in construction, more than five times.

It is a fact that enlisting new resources in work, especially, under the conditions of the rapid increase of the active population, is an important factor of development which leads to the increase of production and of national revenues. But, despite this, the rapid rates of development and

continuing improvement of ratios can be fully insured only under the conditions of the continuing and rapid increase of social productivity of labor. For this reason, the Seventh Five-Year Plan has further improved the ratios of the increase of social production and of national revenues by increasing the number of workers and increasing labor productivity, as well as the ratios between the products for personal use and the social product, and giving priority to the increase of the accumulation fund, compared to the consumption fund and so forth.

In the Seventh Five-Year Plan it is expected that about the half of the increase of the social product and of national revenue will be assured by the increase of labor productivity. Also, about one half of the funds for accumulation will be obtained from the increase of the effectiveness of the social production which relies mainly on saving of manpower and actual labor. This is why Comrade Enver Hoxha tells us: Not to be satisfied merely with the fact that we are enrolling people in work, placing most of them in the sphere of material production. This must be done, absolutely this way; however, it must not weaken our concentration on increasing labor productivity so that our workers, wherever they are placed, must do work with the greatest output possible, as required by the economic laws of socialism and by the tasks for the expansion of the intensification of the economy."

Progressing on this road would elevate the intensification and effectiveness of the economy to a higher level, and will guarantee the expansion of social production based mainly on the most complete utilization of the production capacities of the existing enterprises in industry and of the land in agriculture, increasing the labor productivity of machines and workers, the yields of agricultural crops and livestock productivity. The issue is that we must achieve, at all costs, the objective assigned by the directives of the Eighth Party Congress for the Seventh Five-Year Plan, for increasing the social productivity of labor by 12-14 percent, which is equal to a saving of 160,000 workers. This is a first rate economic task for every branch, sector and cell of our people's economy. "The labor of workers with good quality and with high yield," Comrade Enver Hoxha stressed at the Eighth Party Congress, "is the decisive factor for assuring the increase of the effectiveness of production and for stimulating the entire economy" (Enver Hoxha, "Report to the Eighth Congress of the Albanian Workers Party," pp 61-62).

Thanks to the effort to implement this directive of the party, the working collectives of the economic enterprises have made new steps toward increasing labor productivity. However, the tasks for increasing productivity are not correctly evaluated everywhere and, consequently, the tasks set for increasing labor productivity have not been fully executed in some industrial and agricultural branches. However, the slowing down of the rate of the increase of labor productivity leads to the violation of some proportions established in the plan between products for personnel use and the social product and to the difficulty to create the social accumulation, to cover the purchasing power and so forth.

In the recent years, better work has been carried out for improving the planning of labor productivity. Planning of productivity in kind has been expanded, especially, in the economic branches with homogeneous production, such as in the petroleum and natural gas industry, in the energy resources and mining industry, in the cement industry and so forth. Progress has been made in the planned determining of differentiated tasks for labor productivity in the production of fine and very fine consumer goods, and work is being done for the perfection of methodology and of methods for planning labor productivity in the various branches of the economy. Nevertheless, there still are shortcomings and weaknesses in regard to the planning of labor productivity.

So that the productivity of social labor may occupy the place it deserves, as a general indicator of a great economic, political and social importance, it is necessary for it to be calculated, planned and pursued by all economic branches and sectors and by all their links. In regard to the way in which the labor productivity plan in value is, in fact, treated, calculated and pursued, a number of workers of the material production sector are not linked directly with this indicator; however, they are linked with it only in an indirect way and with the other work indicators, such as through work norms, plan tasks and so forth. While, in regard to the agricultural workers and in regard to some workers of the goods transportation sector, of the trade sector and so forth, where cases of decreased effectiveness of work have been observed, the indicator of productivity in value is not planned and is not pursued. The planning of this indicator for a worker in agricultural production would fulfill the indicator of agricultural intensification not only with the production and the level of income per unit of land area, but also the indicator of labor productivity, which is the most general indicator of the effectiveness of production.

The planning of tasks for increasing labor productivity must be placed on more and more healthy scientific bases, so that these tasks will be better harmonized with those of the increase of production and of national revenues and with the most exact implementation in the practice of the requirements of the law on distribution according to the quantity and quality of work and of production expenditures, so that labor productivity will be linked more and more directly with economic effectiveness, which is required more than anything else at the present stage of development of production at high rates. But, here, it is important to understand, and to implement correctly, that the expansion of planning and the pursuit of the fulfillment of labor productivity in value should be carried out on the basis of such indicators which do not create bureaucratic obstacles for the expansion of production, utilizing all material and human resources and the many reserves which our socialist economy creates in a continuing manner.

The increase of labor productivity during this five-year plan is expected to be assured in almost equal proportions by the implementation of measures for technical progress and the improvement of the socialist organization of labor.

The continuing technological progress in all branches of the socialist economy has been and remains the material base for the rapid increase of labor productivity. For this reason, the Seventh Five-Year Plan stipulates that about 50 percent of the increase in labor productivity will be assured from the further improvement of the level of mechanization of work and of production processes, from the improvement of techniques and from the improvement of technical processes. Under the present conditions of intensive development of our socialist economy, Comrade Enver Hoxha teaches us, many opportunities have been created so that the increase of labor productivity relies more and better on the progress of science and technology.

In this framework, of particular importance is the expansion of the level of mechanization, aiming at achieving the complex mechanization, the improvement of techniques and technology, and the reconstruction and modernization of the existing production capacities.

During the first 2 years of this five-year plan, good work has been carried out in regard to the expansion of the level of mechanization of work processes, especially, for the mechanization of those processes of production and construction which are heavy and difficult to be achieved and which involve a great number of workers, the majority of whom come from the village, processes such as the extraction of mineral ores in mines and their internal transportation, the cutting and sorting of timber in forests, the digging and transporting soil, coating with stucco in construction and so forth. However, the fact that we still have enterprises of the same branch of production, such as in mines, in construction, in light industry and so forth, with a level of great differentiation in mechanization, shows that the reserves for increasing labor productivity, through improved mechanization, are great.

The utilization of these reserves requires that the problems of the expansion of the level of mechanization of work processes be better valued than until now by the state and economic organs, that the necessary measures be scheduled and that the great conditions and possibilities of the economy be used for expanding the level of mechanization everywhere, giving priority to the northern enterprises and districts where the work centers are more frequently the volume of work and the pace of mechanization as a result of nonfulfillment of the production plan of new mechanisms. In addition, the ministries, the districts, the economic enterprises and the agricultural cooperatives must coordinate, better than until now, their work for the rapid assimilation of the new mechanisms produced in the country or imported. This task is particularly acute in regard to mines, where, during this five-year plan, the machines in utilization are expected to be increased by about 90 percent, compared to the situation in 1980, so that the mechanization of the loading processes reaches 70 percent and of the transportation process, 92 percent.

The workers of the machine industry are assigned the task of placing the production of machines, mechanisms and pieces of equipment on sound organizational, technical and scientific bases so as to satisfy, in the best manner possible, the needs of all branches of our people's economy. The issue is that we correctly understand and implement Comrade Enver Hoxha's recommendation that our industry will continue to produce machines and pieces of equipment on the basis of the existing technical level; this, however, would not be sufficient; therefore, the road on which our industry must progress today and in the future is to design, assimilate and produce new types of machines and pieces of equipment with advanced technical and economic parameters at the level of contemporary techniques and technology. However, the improvement of the technology of the production of machines requires the improvement of studies and designs and of the organization and management of work in the machine industry, both to confront the present tasks and to open prospects for the future. The design and production of machines and of complicated pieces of equipment and the handling of a volume of work of five times greater than during the past five-year plan requires better coordination on the part of the scientific institutions of the machine industry with those of the other branches of the economy and, especially, with their users.

One of the most important directions of the increase of labor productivity is the scientific organization of production. In this framework, an important role is played by improvement of centralization, specialization, cooperation and combining of production. Thus, for example, at the "Enver Hoxha" auto-tractor combine in Tirana, the centralized production in specialized lines, according to the technological similarity, of some parts, increased the production capacity of these lines by about 40 percent. Also, at the "Partizani" plant, as a result of the organization of production of enamel stoves with operational division of work on assembly lines, compared to the method of individual assembly which used to be practiced before, it was possible to make better use of work time, to elevate work norms, to strengthen the parallel control between workers in regard to the quality of work and to increase labor productivity more than 25 percent.

However, the improvement of organization of production and of work requires the adoption of measures for the expansion, reconstruction and modernization of existing production capacities. For this reason, in this five-year plan it is stipulated that about 40 percent of industrial investments will be used for the expansion, reconstruction and modernization of the existing enterprises; this will improve the structure of basic funds, especially, of their most active part and of machines and pieces of equipment and consequently, an increase in the supplying of technical and electric power equipment to the labor force and in its productivity.

It is important to stress that the reconstruction and modernization of the existing enterprises must not consist simply of providing more equipment while keeping techniques and technology at the existing level; on the contrary, we must absolutely aim at introducing, in

production, the contemporary advanced techniques and technology. In this framework, particularly important are: the expansion and modernization of the "Steel of the Party" metallurgical combine in Elbasan, especially, in regard to continuing steel casting, expansion and reconstruction work in the textile combine in Berat, the super-phosphate plant in Lac, the ferrochromium plant in Burrel and so forth.

In regard to the implementation of the tasks assigned by the Eighth Congress of the Albanian Workers Party for the expansion, reconstruction and modernization of the existing production capacities, from which it will be possible in 1985 to obtain about 86 percent of the increase of industrial production, work is being carried out everywhere with the required seriousness. There are positive examples everywhere and great experience has been gained but, in practice, there have been deficiencies and shortcomings. The coordination of the tasks among the investors, design institutes executing enterprises of industry and construction, and with those of foreign trade, has not always been at the desired level, and the cooperation plans have not always been executed with strict discipline and with high feelings of state responsibility.

The expansion, reconstruction and modernization of existing enterprises are carried out without interruption of production. It is precisely this characteristic that renders acute not only the tasks of coordination, but also the further elevation of the scientific level of the organization and management of production. In this framework, a great role is played by the conclusion and execution of agreements, drafting the strict execution of work schedules for every project to be reconstructed and so forth.

The socialist organization of work comprises a large range of very important problems. Its component parts are: the correct planning and rational distribution of work resources among the spheres of social activity and between the sphere of material production and the social cultural sectors, setting work norms, improving the balance of work time and its best utilization possible, strengthening socialist awareness, improving socialist competition, improving the forms of distribution and cooperation and so forth.

In this great multitude of issues, Comrade Enver Hoxha stressed, those who deal with setting norms, as one of the most important elements of the socialist organization of work and its establishment of healthier scientific bases, of the correct planning of the mass of work necessary for the production of material assets, and of the rational distribution of manpower in every unit of work and production deserve a special attention. As shown by the experience gained: the more perfected the work norming is, the more correctly implemented are the requirements of the economic law of distribution according to work and to the preservation of the relationships set in the plan between increased labor productivity and wage funds. The correct setting of work norms harmonizes the requirements for increasing the production of socially needed work with minimal expenditures and the personal interests with the interests of society, this, making work norming an important means for the education and revolutionary tempering of workers.

The improvement of work norming, especially, the expansion of work with technical norms, set on scientific bases, is not only a permanent task, but also a necessary condition for the rapid increase of labor productivity. The observations and calculations carried out in some industrial branches, such as in the machine industry, light industry and the wood working industry, show that in every 1 percent of increased work time, worked with technical norms, is accompanied by an increase in labor productivity of from 0.5 to 1 percent.

It is expected that in 1985, about 92 percent of workers will work with norms and 72 percent of them will work with technical norms. To reach this objective, it is required that, along with the enrollment of workers in work norms of the main and auxiliary units of production, as well as of new workers who will enter in work relationships during the five-year plan, a particular attention must be given to the expansion and improvement of work with technical norms, as the highest level of work organization with norms. As Comrade Enver Hoxha teaches us, "not only must norms be established everywhere, but we must arrive at the point where our worker--a worker of a socialist country--will not be able to comprehend the idea of work without norms, when he cannot work without thinking that he must overfulfill them and when he must seek to establish new norms, the best norms possible based on techniques, because, only then we can say that our worker has become capable of understanding the importance of norms in a political, ideological and economic manner, both in the general interest and in his own interest" (Enver Hoxha, Reports and Speeches 1969-1970, pp 273-274).

The fact that the number of workers, who work with work norms, is continually increasing and that we are progressing with satisfactory paces toward the expansion of the technical norming of work, on the basis of the advanced average is an indisputable sign of success. However, going deeply into these issues brings out some weaknesses and negative manifestations. Thus, in some enterprises, the average percentage of the fulfillment of norms has declined; in some other enterprises, there is an increase in the number of workers who do not fulfill their work norms; while, in some enterprises, with similar production conditions, instead of unified norms, differentiated norms are executed, reaching 15-30 percent. It is obvious that this fact has a negative influence on the fulfillment of planned labor productivity and the effectiveness of production.

Shortcomings in work norming derive from insufficient work, below the level of the present requirements, carried out by certain economic and state organs in regard to the training of workers, the strengthening of discipline in work and the minimizing of weaknesses in technical-material supply, from other weaknesses in organization and management of work in some enterprises, workshops and units, as well as because of weakness in the ideological work with the masses; we must explain thoroughly and concretely, among other things, how the fulfillment and overfulfillment of planned norms correctly harmonizes the personal interests with general interests.

This is why pursuing work with norms only in a general manner, without tackling the problems thoroughly, so as to see and bring out the reasons why many workers do not fulfill work norms, why they do not elevate them continually in accordance with the conditions that have been created and so forth, is a manifestation of globalism in the pursuit of the tasks for increasing labor productivity, a manifestation which shows that the ways of increasing labor productivity and of improving the effectiveness of production are not correctly understood, as happens in the case when workers fulfill and overfulfill the planned work norms.

The law on uninterrupted increase of labor productivity, as the other economic laws of socialism, expresses an established economic necessity and shows the ways for developing the activity of the people who, knowing the requirements of the law, become conscientious in their activities so as to develop production and increase labor productivity. However, the possibilities existing in the economy and in the practical activity of our people cannot be implemented in life by themselves, without a resolute and determined struggle on the part of the working masses, under the leadership of the party organizations.

In this framework, an extraordinarily great role is played by the creative and highly productive work of our people. The increase of labor productivity through technical progress and socialist work organization is inseparable from the implementation of the tasks assigned by the party for the continuing improvement of the technical-vocational skills of workers, so that the latter will continuously improve their training and expand their scientific, technical, organizational and managerial knowledge. Experience indicates that the existing system of evaluation of workers through their cultural and vocational certification is an important step forward on the road to the comprehensive political, ideological, educational-cultural and technical-vocational training of workers. From the time of the execution of this system, every year about 10 percent of the workers and cooperative workers have been promoted to a higher level, a fact which has led to a better supply of the needs of the economy with trained workers and to the reduction of the disharmony between the categorization of jobs and work processes and the level of training of workers.

The results achieved until now are a healthy basis for progressing more rapidly, so that the certification will respond to the great tasks assigned by the Seventh-Five-Year Plan for the further intensification of the economy and for improving its effectiveness. The improvement of workers' training takes on special importance if we take into consideration the fact that the largest part of the investments and the basic construction work of this five-year plan will be executed within this period and that the largest part of the new basic funds in industry, agriculture and other branches of the economy and culture will also be utilized in this five-year plan; this fact would require better trained workers and cooperative workers, compared with the existing situation.

Seeing the problem of the training of workers and of cooperative workers in a complex manner, the party has drawn attention to two basic issues: raising the work which is being carried out in all links of the system of training to a higher qualitative level, and ensuring that the cultural and vocational certification of workers will respond better to the requirements assigned, so that the effectiveness of training will be measured according to the results achieved in increasing production, improving quality, raising of labor productivity and reducing production costs.

For this purpose, in accordance with the directives of the Party Central Committee, the criteria and requirements of the evaluation of workers were completed and verified by the certification, the certification books were reviewed, the work requirements for every worker in regard to the fulfillment of work norms, the increase of productivity, the saving of material assets, the maintenance of machines, the further increase of their participation in the organization and management of socialist production and so forth--were increased.

The fulfillment and overfulfillment of the tasks for increasing labor productivity are linked with a number of economic phenomena which, in a noticeable manner, influence each other. They are linked with the achievement of the expected increase in social, industrial and agricultural production and, because of the effect of this factor, with the restriction of the mechanical movement of the population from the village to the city, with the increase of the economic effectiveness of material expenditures in social production, and with the fulfillment of the tasks set for the further improvement of the wellbeing of workers.

9150

CSO: 2100/46

PRICE OFFICE OFFICIAL CRITICIZES PRICE MANAGEMENT

Prague RUDE PRAVO in Czech 29 Apr 83 p 5

[Article by Eng Milos Vesely, Czech Price Office: "How to Improve Price Management; How State Testing Stations and Producers Can Help"]

[Text] Recently there has been increased criticism of the work of pricing agencies on all levels, including national committees with pricing agencies on all levels, including national committees with pricing authority. The targets of the criticism are apparently limited problems of pricing policies, such as, for example, inflexibility of pricing procedures, procrastination in setting prices, cessation of production because low prices preclude profits, certain problems in the costs of services and price supports in the sale of products by private individuals, etc.

Criticism of price management, insofar as it is justified, is very desirable; pricing agencies use it in their work as a certain barometer of the reactions of our citizens and organizations and from it they draw necessary conclusions. Some critical voices, however, are based on lack of information. I do not mean by this the ordinary citizen who points out shortcomings and rightly expects them to be corrected. Such a person does not have to know about regulations in the economic sphere. I would like, however, to respond to complaints from various economic organizations.

Inflexibility of Price Changes

As early as 1978, the CSSR Government approved a resolution on small operational changes in wholesale prices in the course of the year for enterprises of state production, local industry, production cooperatives, associated JZD (unified agricultural cooperatives) production and similar organizations. It is incomprehensible, then, that industrial managers, for example, on the occasion of the exhibit "We Are Seeking Producers," refuse to start or take over certain production, referring to allegedly fixed prices that are disadvantageous to them (since the price has already been set for the previous producer or because, in their opinion, the price is low for comparable products) and they themselves do not make any suggestions for modifying the wholesale prices. Raising prices cannot be "automatic." We must continue to insist on cost analyses and observing the principle of economical production. If we did not recognize these principles and yielded to various kinds of pressure we would not be serving our economy very well.

Such was the purpose of relaxing price management, particularly to bring about increased production of certain low-profile consumer goods by extending the range of so-called prices negotiated by agreement to include small wooden products, kitchen aids, wooden implements, etc. Here it is only a matter of agreement between the store and the producer on what they can make and sell a given product for and no pricing office sets the price for them. Nevertheless, there is criticism that it is precisely the prices that cause the shortage on the market of wooden spoons or chopping boards for meat.

Management Delays

We have learned from frequent checks that price offices or national committees only rarely exceed the time limit for setting prices prescribed by the pricing decree. It takes rather long to get the technical data of products, certification from state testing stations, assignment of numbers for uniform classification, approval in regard to sanitation, etc. If we ascertain certain cases of delay in setting prices are due to subjective reasons, we take appropriate measures against the employees involved.

It should be added that recently the price offices took steps to further relax the existing system of price management by not requiring the completion of technical or marketing procedures for determining prices as was necessary up to now. However, the setting of a price does not mean approval for putting a product into circulation directly without meeting other requirements.

Little Preparedness in Costs of Services

In order to increase flexibility in costs of services, various measures were recently taken and service enterprises should make use of them in agreement with the national committees. Many service operators and also some national committees are actually not yet aware that beginning with February of this year highest permissible costs apply not only in cases where the price level was changed as of this date, but also for other services (see Price Bulletin, Part 54/1983). This provision could be used, for example, in offering seasonal discounts for auto repairs, painting of apartments, reducing costs of services with the formation of economic conditions, etc.

Some goods are now sold by private persons as well. The prices for these products are not subject to pricing units of national committees. Nevertheless, it is still the business of the national committees to see that all the items approved for sale go for prices which do not elicit legitimate criticism from customers and undeserved profits for the sellers. It is necessary to foster relations between citizens and private entrepreneurs, for example, home gardeners who sell fruits and vegetables or citizens who provide hard-to-get services, but we believe that the production of industrial goods should be provided more flexibly primarily by socialist organizations.

8491

CSO: 2400/268

GERMAN DEMOCRATIC REPUBLIC

CREDIT PROBLEMS WITH INTERNATIONAL BANKS REPORTED

Hamburg DER SPIEGEL in German Vol 37 No 17, 25 April 83 pp 45, 47

['GDR' feature article: "The Last Jumbo: The GDR Is No Longer Regarded Credit Worthy by International Banking. It Is Therefore the More Eager to Buy in the Federal Republic"]

[Text] The GDR State Council Chairman Erich Honecker has good news regarding business with the "capitalistic FRG." According to him, commercial sales are climbing to "an inconceivably high sum."

The success story is correct: The intra-German trade has shown two-digit growth rates. While worldwide trade as a whole is crumbling and the global recession is shaking both republics, business between the two German brothers is thriving.

In 1982, Germans shipped DM 13 billion worth of goods across the otherwise very tight border in both directions--an increase of 12 percent in comparison to last year. For three years in a row the GDR showed a fat surplus.

Most recently, however, the FRG has been showing a surplus. In the past six months, orders from the East have increased by two-digit rates. In January and February the West Germans more than doubled their shipments to the East, as compared to last year.

This was "a good basis for the relationship" of both partners, Guenter Mittag, SED Politburo member, said last week, celebrating the boom on the occasion of his Hanover and Bonn visits. Federal Minister of Economics Otto Graf Lambsdorff described the boom in the trade with the GDR as "very nice," and Lower Saxony's Minister of Economics Birgit Breuel was beaming.

This happiness seems to be fleeting, for the intra-German trade boom originated out of pure necessity: The GDR buys such a great deal of goods in the FRG only because it lacks the foreign exchange to buy on the world market.

The Vienna Institute for International Comparison of Economics (WIIW) estimates the GDR's indebtedness at \$11.2 billion. Of all East bloc nations, only Poland is deeper in the red in the West.

Wolfgang Seiffert, Kiel, an expert on the East and former government aide in East Berlin, expects that approximately \$4.8 billion in interest and loans will become due within the next two years. According to Seiffert, "it may well be that the GDR will have to discontinue payments if the banks in the West refuse to grant new loans."

In the capitalist banking trade the 'first German state of workers and farmers' is regarded as not too credit worthy. "Institutional Investor Magazine," the reputable New York banking gazette, has been nurturing doubts as to whether the GDR will ever be able to repay its debts. On the list of credit worthy nations, East Germany ranks even behind Papua-New Guinea. From the U.S. point of view, the GDR is the biggest "loser" of the entire East bloc when establishing credit worthiness.

Currently, there is not a bank in the West that would lend the GDR money and put it at its free disposal. It was in 1981 that the last jumbos, as the large loans are called in the banking jargon, were scratched together by Western bank consortia. Since then no more loans have been granted.

Even David Rockefeller, who conducted banking transactions with the GDR for a long time, has retreated in the meanwhile. Although the East Berlin German Foreign Trade Bank (Daba) continues to send birthday presents to the New York multimillionaire, not a single dollar is forthcoming from Rockefeller's powerful Chase Manhattan Bank, which used to be very active in trade with the East.

The lack of foreign exchange forced the GDR planners to revise their entire trade with the West. Initially, imports from other Western industrialized nations were reduced by one-third, while exports were increased by one-sixth at the same time. Therefore, Siegfried Hrzan, Daba's chief economist, is proud to stress that in 1982 the GDR balance of trade showed a surplus of \$1.5 billion.

He is not that quick to mention that in the same year the GDR had to pay some \$1 billion in interest alone. When confronted by West German inquirers, Hrzan defends the "GDR policy since 1949" of not publishing such figures.

It cannot be concealed, at least not from the people of the GDR, that the new method of trade has worsened the supply situation at home. The goods that are shipped to Western nations in large quantities are found in short supply in the GDR. There are less funds for investment and private consumption. The usual lines at gas stations and state trade organization shops have become longer yet.

This predicament leaves only one choice in order to fulfill the basic supply needs--buying in the FRG, because in trading with the FRG, East Berlin does not require foreign exchange: intra-German trade is conducted without cash for the most part. In most cases the Germans exchange certain goods for other goods, and the barter is measured in "units." If the GDR defaults, it is permitted to overdraw the joint account by DM 770 million without interest falling due.

The West Germans enjoy granting this brotherly support, so much of which is requested now. Many producers and manufacturers in industries ranging from agriculture to steel have warehouses filled to the rim. New customers are

always welcome, even if they, like the GDR, buy the requested goods on tick--initially or pay for the indebtedness by counter business. This makes for quite a volume of business. In 1981 the FRG's exports of chemicals to the GDR rose by 31 percent, leather exports by 72 percent, and iron and steel exports by 90 percent. For agricultural goods the statisticians calculated a 488 percent increase--Western businessmen sold the GDR comrades barley and wheat at prices well above the world market prices. This was possible only because the GDR lacked foreign exchange.

Only investment goods were in less demand in 1981; its sales dropped by one-tenth. The largest item was some 2,000 used freight cars which the Federal German Railway shipped to the East for almost DM 40 million.

Shortly before the year-end, the East Berlin officials purchased some goods for the working people as well. In time for Christmas the GDR ordered DM 600,000 worth of ginger bread, DM 14 million worth of Cocoa, DM 20 million worth of chocolates, and DM 30 million worth each of cheese and coffee.

9/84

Call: 2300/233

GDR'S ECONOMIC PROJECTS IN AFRICAN COUNTRIES DETAILED

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German 7 Apr 83 p 2

[Article signed 'W. An.,' datelined Frankfurt, 6 April: "The GDR Is Active in Many African Countries--In Industrial Plant Construction, Also Cooperation With Enterprises From Eastern and Western States"]

[Text] In the recent past the GDR is showing in many African countries signs of strong activity directed toward expanding trade with these countries and strengthening cooperation in the field of economic development. The GDR is interested in economic relations not only with African countries that follow socialist-oriented economic practices but also with those that are more oriented toward a free market economy. GDR development aid is given especially to the countries located around the Republic of South Africa (frontline states) and among these especially Angola, Tanzania and Mozambique.

In North Africa, Egypt continues to remain an important trade partner ever since the signing of the first trade agreement in 1953. At the 16th international trade fair in Cairo which was held in March 1983, the GDR was represented by 12 foreign trade enterprises. Since 1959 a total of 20 Egyptian textile plants were supplied with equipment from the GDR and approximately 30 grain and rice mills in Egypt were also equipped by the GDR. VEB "Otto Buchwitz," Dresden, supplied 34 transformers to expand Egyptian energy production. From Bautzen and Henningsdorf railroad passenger cars and electric train components were exported to Egypt. The foreign trade enterprise Technoexport recently began supplying cast iron instruments.

For 25 years now the Deutfracht/Seereederei Rostock and the Egyptian Navigation Company have operated a joint goods transport shipping service which is being considerably expanded at the present time. The just mentioned Egyptian shipyard and the shipping company Martrans have their offices in Wismar, the harbor that handles the mutual goods traffic.

The GDR shipbuilding industry which so far has remained largely unaffected by crises recently delivered the freighter "Sirte" to the Libyan merchant fleet. The shipyards in Rostock are building two more ships which will soon be delivered to Libya. In the recent past the GDR has given Libya technical assistance especially in the mechanization process of Libyan agriculture. The GDR firm Heim-electric recently signed a contract to supply lighting equipment to Libya.

In Tunisia the Société Nationale des Chemins de Fer Tunisiens (SNCFT), the national railroad company, received from the GDR 700 special freight cars which had been built by the VEB Waggonbau Niesky and shipped by way of Wismar. Among these cars were self-unloading cars for vitrified cement and four-axle cars for phosphate. Around New Year 1981/82, the GDR signed a contract with Tunisia to supply one industrial plant for the production of machine tools and one for hand tools.

In 1981 the GDR began construction in Batna, Algeria, of a cement plant with an annual capacity of 1 million tons. The national Algerian metal construction firm Société Nationale de Constructions Métalliques (SN Métal), Algiers, is cooperating in the planning and construction of this plant. For the iron and steel complex of the state enterprise Société Nationale de Sidérurgie (SNS) in El Hadjar near Annaba a Magdeburg firm supplied and installed a mill for the production of steel rods and light steel products. The GDR also cooperated in Algeria in the construction of a pump and large pipe construction plant at Berroughia, of a foundry complex at Tiaret, of a cable construction plant, and in the completion of several mill projects. Two new foundries were recently built by the foundry plant construction and foundry products combine (GISAG) Leipzig in Algeria.

At the end of March 1983, an agreement was reached between the GDR and Morocco on cooperation in the field of radio communication. Preceding this agreement was the one of May 1981 on cultural and scientific cooperation.

In West Africa the GDR signed in the fall of 1981 a long-range trade agreement with Nigeria, the most populated country of Africa and the continent's leading oil producer. On the basis of this agreement the GDR is to supply machine construction and electronic products, transport equipment as well as printing, construction and road building machines. In the city of Ihema in the Federal Republic of Kwara a GDR firm is constructing a pharmaceutical plant that is reported to cost 3.7 million naira (1 naira equals about DM 3.60). In the spring of 1983 Duetfracht/Seereederei Rostock began regular container shipping service to Lagos.

In 1980 the GDR gave Ghana credits amounting to the equivalent of \$20 million which was to be used especially for improving the cocoa industry and for the purchase of agricultural machinery. Plans called for expanding the acreage under cultivation and for the purchase of trucks in order to guarantee transportation of cocoa beans during the harvest period. In the late summer of 1980 the GDR and Zaïre signed an agreement on economic, industrial and cultural cooperation, shortly after a long-range trade agreement had been made in June 1980 with the Central African country of Burundi.

To the People's Republic of the Congo the GDR has already shipped completely equipped printing plants. Another one of these is currently being assembled in the seaport of Pointe Noire.

The GDR is also quite active in the island country Sao Tome and Principe. The GDR assists this country in the construction and expansion of industrial plants,

and imports cocoa beans from that country. The GDR has so far exported to this country brick production plants that are to promote the country's housing construction and the GDR will continue to supply equipments for the production of coarse ceramics.

In the spring of 1980 the GDR, Czechoslovakia and Ethiopia signed a contract on the construction of a textile mill that is to be built at Combolcha in Wollo Province and is to have an annual capacity of 20 million meters of cotton fabric. Approximately 3,500 people are to be employed in this textile mill for which construction time is estimated to be five and half years. Previously the GDR state enterprise Unitechna had been given the job to construct jointly with the Fried. Krupp GmbH, Essen, a cotton spinning and weaving plant in Ethiopia. In March 1983 the GDR presented Ethiopia as a gift a central repair shop for agricultural machinery in Addis Abeba. Skilled workers from Ethiopia for the shop were trained in the GDR. Combines of the heavy machinery construction industry are also building a cement plant in Ethiopia. The GDR is also shipping to Ethiopia a sizeable number of harbor cranes. The first 18 of these were delivered in March 1983 to the port of Assab on the Red Sea.

Through the conclusion of a compensation agreement with the GDR the government of Tanzania wants to guarantee the completion of a new textile mill in Mbeya for which an investment of approximately 500 million Tanzanian shillings (1 Tanzanian shilling is equal to about DM 0.26) is reported. As part of this agreement Tanzania will supply textile products and in return will receive construction materials and textile machines from the GDR. At the end of 1982, the GDR enterprise Textil Kommerz and the Tanzanian National Textile Corporation (Texco), Daressalam, were given the job of carrying out the transaction of the corresponding barter agreement. Beside the GDR and Poland a firm from the FRG also participates in the construction of the textile mill in Mbeya.

Jointly with the Italian firm Snamprogetti SpA, Milan, which is part of the national Italian ENI group, a GDR enterprise is building in Mocuba, Mozambique, a textile mill that is scheduled for operation in 1983. The contract share for the Italian firm amounts to \$9 million. In the middle of 1979 agreement was reached that the GDR airline Interflug and the domestic Mozambique airline Deta should operate jointly the domestic air routes. 900 boys and girls from Mozambique are at the present time receiving general schooling and educational training at the "School of Friendship" in Strassfurt, Magdeburg bezirk. This school was opened in September 1982 as the result of a government agreement between the GDR and Mozambique. In the beginning of March 1983, a vocational training center for electronics supplied by the GDR was opened in the capital city of Mapute. Here 180 persons can be trained simultaneously. A short time ago the foreign trade enterprise Technocommerz concluded with Mozambique an import agreement on the shipment of 1,000 tons of cotton. The GDR also assists Mozambique in the development of mining and agriculture.

The basis for the economic relations between the GDR and Angola is the agreement on friendship and cooperation signed in Angola in 1979 during a visit by a party and government delegation under the leadership of Erich Honecker, as well as the economic agreements made in the GDR in 1981. Mutual goods exchange has since then reached a high level. So far, the GDR has been active in Angola in the fields of the mechanization of agriculture and of the development of the

food processing industry as well as the transportation system. In Angola and Mozambique assembly plants for GDR trucks of the type "W 50" have been equipped.

In the beginning of January 1982, a trade agreement between Zimbabwe and the GDR has become effective which contains lists of goods for mutual exchange. In March 1983 agreements were made on additional improvements in the cooperation between the GDR news service (ADN) and the Zimbabwe Inter-African News Agency (ZIANA).

8889

CSO: 2300/245

ECONOMIC POLICY OFFICIAL WEIGHS INVESTMENT NEEDS

Budapest PARTELET in Hungarian May 83 pp 40-43

[Article by Dr Arpad Kovacs, member of the Central Committee's Department of Economic Policy]

[Text] The balance between generating the national income and its internal use plays an important role in the balance of the national economy. Contrary to the planned 7.5 percent, national income is expected to increase by 4.5-5 percent in the first 3 years of the 5-Year Plan. Since this increase is less than planned, the decrease of internal use (on the whole about 5 percent) is also unavoidable. In order to decrease its effects on consumption (i.e. living standard) as much as possible, the moderation will primarily involve accumulation. The percentile proportion between accumulation and consumption changed from 19:81 in 1980 to 15:85 in 1982; this year the quotient of accumulation is about a mere 12 percent. The volume of investments have gradually decreased since 1980 (as opposed to the planned moderate decrease); in 3 years it will decrease by about 18-20 percent. This raises the question whether the money available for such purposes is enough for the development of the economy, i.e. can we lay the foundation of our future on this.

No one can say the conditions are good for investments but it is also a fact that the available means and possibilities are not being used as they should under the more difficult conditions. The investment practice in 1981-1982 made a significant contribution to improve the balance, but the effect of the investments on the increase of incomes and exports, the change of production profile, and the improvement of technical standards is still inadequate. The duration of implementation continues to be longer than justified, deadlines often are not being observed, and the construction costs are higher than planned. In spite of significantly decreasing demand, the duration of implementation is practically unchanged, the level of concentration has not changed either; as a whole, then, the efficiency of the investment activity has not improved. Some finished investment projects are not being used to capacity (true, partly because the adverse change in foreign market possibilities), and the planned level of production is not achieved. All of this reflect the flaws of the technical/economic preparation and disorganized implementation.

Last year the socialist organizations—despite the measures of decreasing accumulation—paid 185.4 billion forints for investments (in current prices 1 percent more than in the previous year, and in comparative prices 2-3 percent less).

We paid about 77 billion forints for large state investments. Most of these (energy, paper industry) serve to meet domestic demand and to develop the infrastructure, having an effect of decreasing imports. Lump-sum investments, according to plans, cost us 30.5 billion forints, 6 percent more than in the previous year. During the year measures were taken to moderate budget estimates and to prevent above-quota production. A larger-than-planned amount was allotted for purposes of the carbo-hydrogen industry, for the modernization of the grain storage network, the highway network and the water system, and for apartment construction. There was a considerable lag (because of inadequate preparation and problems in the implementation) in the development and reconstruction of hospitals. The other state investments amounted to about 25 billion forints. Among these, the council investments (local development of transportation, commercial establishments, grade schools, kindergartens and nurseries) exceeded the planned level.

Enterprise investments took 108.5 billion forints last year--contrary to the planned moderation, about 3 percent more than in the previous year. Overproduction was made possible by the decrease of the stock of deposits accumulated in the previous years. The amount of credit and state subsidies were less than planned. Demand for credit was significantly lower because of the limited possibilities, more stringent requirements, the financial situation of the enterprises, and in some cases because of a lack of efficient concepts. More than 60 percent of the enterprise investments are implemented exclusively by their own resources, without credit and subsidies. The implementation of enterprise investments (despite occasional oversteppings of deadlines and budgets) is more efficient as a whole than state investments. In spite of this, in several cases it was necessary to modify credit contracts, and extensive measures of regulation were needed to avoid an excessive trend of investments (resulting from an over-supply of enterprise resources) that would have been out of line with the possibilities of the national economy.

Our limited possibilities raise the question whether the technical level and the competitiveness of the processing branches can be improved without larger investments. For it is a contradiction that while less money remains for investments in these branches than planned, the requirements are higher: they must sell a larger portion of their production increment (for a few years they must sell the entire increment) on demanding export markets. This task requires a rapid and organized implementation of modern--but thrifty--enterprise concepts.

The problem is made worse by the dramatic increase of unfinished investment projects in recent years. By the end of last year the number of unfinished projects significantly exceeded the annual investment budget. In order to free as much of such tied-down capital as possible, investment projects must be finished rapidly, their operation must be started, giving priority to smaller investments of reconstruction.

Priority must be given to investments related to the economical production and use of energy, the rationalization of the use of energy, the collection and processing of waste material and secondary raw material, the modernization

of technology, and the increase of exports and the decrease of imports. Priority is given to the areas involved by the central development programs where development is more rapid than average. The changes in the production structure here are for the better, and the products of the branches involved are more competitive although the world economic crisis has an adverse effect on certain areas. But the enterprise investments were also hindered by their decreasing capacity for accumulation and a decreasing spirit of enterprise--in addition to the adverse market conditions. For this reason it has become necessary in some areas to reorganize the programs, to concentrate investments on the most important projects, and to further extend the inter-enterprise relations of development.

Targets and Regulators

The tendencies mentioned have especially strong effects in 1983. Contrary to the concepts of the middle-range plan, internal consumption must be significantly decreased this year. Consequently, the investments of the socialist sector will be lowered by about 10 percent. According to this year's plan, 170-172 billion forints are available for investments in current prices. The decrease is almost identical in the directly productive and the non-financial branches.

No new large investment project may be started this year, for the 68-70 billion forints allotted for state investments must be used primarily for the completion--or continuation--of projects already started, e.g. for the converter steel work of the Danube Metallurgical Works, the third section of the Hungarian-Soviet gas pipeline, the first phase of enlarging the Ferihegy airport, or the new plant of the Szekesfehervar Light Metal Works. Important projects are the development of the hydrocarbon industry and the national telephone network, and the development and reconstruction of hospitals and clinics. There will be less money for the Metro's north-south line.

According to the plan, the enterprises and cooperatives may spend 97-99 billion forints this year for investment projects. It is important to coordinate development funds with the targets. The total sum of investment credit and state subsidy will be lower than last year. The central and credit resources must be used primarily for the improvement of the foreign economic balance, the economical use of material and energy, and technological development; the increasing portion of enterprise resources must also be used for these purposes.

It is our goal to speed up the implementation of programs directed toward the increase of energy production and the conservation of energy and material. The plan for 1983, within the lower sums allotted for investments, allots more money for these purposes. In the course of the energy program implementation it is especially important to conserve oil products and cokes, i.e. to substitute them with domestic energy resources. The energy rationalization projects already in process must be speeded up for this.

The financial resources would have allowed more investments than planned. But since this would be detrimental to the balance, some elements of the regulatory system were modified in order to limit the existing resources. A planned

investment process is the reason for taking away or saving a smaller part of the cooperatives' development funds. A part of the sums taken away will increase the resources used for the increase of export commodity funds or for energy rationalization. The decrease of the construction amortization rate decreases the buying power of the investments. The objective in decreasing the number of tax-free constructions is to decrease the proportion of constructions. The goal is to moderate the investment activity in a differentiated manner, to give preference to non-construction investments that yield high profits, and to speed up the implementation of investment projects.

A more efficient use of the available means is also helped by the regulations which encourage the flow of resources and which limit the activity of less efficient enterprises. A more rapid flow of capital is aided by a careful re-grouping of the resources of inefficient enterprises toward the efficient ones, and by creating more possibilities for the establishment of new forms of enterprise, associations, joint enterprises and deposit-associations. The new decrees make it easier for the management organizations to re-group their development resources and fixed assets toward other enterprises. From now on the enterprises may freely determine their share in the interests paid for loans given from development funds and in the profits generated by the use of these funds given up permanently. The banks, too, aid the capital flow through new forms of enterprise. A further possibility is the bond issue and catalog serving the re-grouping of development funds.

The new situation also makes it necessary to become strictly selective in offering credit. Since the sum of investment credits cannot be increased, the areas of credit are rather limited. The credits already authorized reach--or approximate--the annual quota in several areas, thus new credits are limited mostly to programmed targets. Other credits are possible only if further credit is denied for investments involving objectives that are made obsolete by changes in the market situation. The bank examines from this aspect the use of credit already given and decides, together with the enterprises, about the future of these credits.

The Improvement of Efficiency

This year, too, there is a significant amount of money available for investment which, if used wisely, may help us to make progress in the modernization of production, in technical development and in the improvement of living standards. A requisite of this is to improve the quality of the development activity, to decrease the quota of new capacities, and to increase the modernization, reconstruction and implementation of the existing machines and equipment. This makes it possible to decrease the ratio of construction within the productive investments. In order to relieve the tensions, the development of the infrastructure will be concentrated on special areas involving a broader social strata. On the basis of special programs, the development of apartment supply, health care and school class rooms will be continued.

Our investment practice will continue to emphasize the decrease of time of implementation through the improvement of the technical/financial preparation and

the organization of implementation; the improvement of planning; the decrease of overhead costs; the elimination of a further increase of unfinished projects, including their reduction below the level of the annual cost of investments.

Such tasks also include the rapid implementation of the actions of the expanded and speeded-up program of energy management already in progress; the expansion of the natural gas pipeline network; the rapid construction of the Paks Nuclear Plant; the increase of coal production and processing; the finishing of the catalytic crack plant by the deadline. Not less important is the significant decrease of production specific use of materials through certain small and efficient investments that can be rapidly implemented; a wider use of less expensive technologies; and increased use, through efficient enterprise actions, of secondary raw materials. It is an indispensable task to select investment targets more carefully and to better concentrate the available state and enterprise resources.

It is well known that the ratio of fixed assets to production is high in our country. We can change this only through highly efficient investments. This year as well as in the years to come, a better use of the existing capacities will become more and more imperative. This is why it is justified in the productive branches to increase the ratio of investments which are easy to implement, which decrease the limitations, and which have a supplementary and modernizing character. In their investment decisions the enterprises should reckon with the use of fixed assets, paying more attention to it than before: is it not possible to reach developmental targets without any significant investment, i.e. mainly through organizational measures?

The new economic conditions and the increasing demands also make it necessary to examine the middle-range concepts of development of the enterprises. If necessary, they should be modified or replaced by new ones. It is essential that the enterprises, cooperatives and councils, in accordance with the demands of the national economic plan and the changing conditions, conduct a flexible activity of investment and development in which due care is given to the available resources and to a better use of the possibilities.

9414

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PLANNING MUST MEET WORLD CHALLENGES, OFFICIAL WRITES

Budapest NEPSZABADSAG in Hungarian 28 May 83 p 3

[Article by Janos Hoos, state secretary of the National Planning Office: "Planning Under Changing Conditions"]

[Text] National economic planning is closely linked to economic policy. The relationship between them is close at least in two respects. First, national economic planning is a tool for the formulation of economic policy. Through its analytical, evaluating, surveying and predicting activity, national economic planning provides information and decision variants for economic policy. Secondly, the adopted economic policy is the basis on which national economic planning elaborates plans based on realistic assumptions, or several drafts of a plan, of which one draft is approved by the responsible party and state organs and thereby becomes an action plan through which economic policy becomes practice. In this sense, national economic planning is a tool for the realization of economic policy.

Planning Sets Targets, Organizes Economy

In our time, the changes occurring in the world economy and the domestic economy not only have accelerated but are also epoch-making. This is a challenge for national economic planning. Our domestic planning accepts this challenge and is taking steps to be able to better meet the new requirements. National economic planning plays a decisive role in perfecting our entire system of economic management. Our planned economy can be raised to a higher level only through the comprehensive renewal of national economic planning. The world economy's challenge must likewise assert itself in the perfection of planning. This work must contribute toward intensifying CEMA cooperation and making it more efficient, and at the same time it must ensure that our economic relations with nonsocialist countries fit into the economy's interrelations that offer the greatest possible advantages. This has again been confirmed at the latest session of the MSZMP Central Committee, the resolution of which states: "The system of economic management will continue to develop within the framework of the socialist planned economy. It will be based on the national economic plan and on linking the commodity and money relations, with due consideration for the market's active role. It will permit independent and responsible enterprise decisions and will help to develop initiative and entrepreneurial skills." Of outstanding importance in this relationship is the establishment of suitable harmony between national economic planning and the market. Besides the target-setting role of planning, this increasingly demands strengthening planning's function of providing guidance for organizing the economy.

Implementation With Economic Instruments

National economic planning underwent considerable development during the past 15 years. Economic management has gained vast experience in how to achieve the objectives of economic policy, as specified in the national economic plan, without setting a large number of obligatory indicators, without command planning. The economy's conformity to the plan has improved even without detailed command planning: it has been demonstrated that plan-conforming economic development can be ensured basically also indirectly, through the active use of economic instruments.

The system of national economic plans (annual, medium- and long-range plans), respectively of planning, has evolved and improved. The three types of planning permeate one another far better than previously, and the relationship among them has become more viable. The efforts to adjust to the changing conditions have asserted themselves in the present phase of the work on the long-range plan through the year 2000, in the development of the nature and methods of planning, and in placing planning on a broader social base. It has become more clear that the long-range plan is a strategic plan, although from this it does not follow that it sets a strategy for every branch and sector, and everywhere for the same time span. And it has likewise been confirmed that we must regard as the result of planning not only the summary document, which necessarily reflects merely a fraction of the designs of the individual branches and sectors, but everything that has been formulated through the work and effort of several hundred economic and technical experts. According to our present conception of long-range planning, then, in the relationship between planning and the plan there is greater emphasis than previously on the planning process itself.

The nature and methods of medium-range (five-year) planning likewise have been streamlined considerably in the course of drafting the 6th Five-Year Plan. Planning investigated more widely the foreseeable development of the external economic conditions. For economic policy it produced different variants, concentrated more on the substantiated planning of the basic economic processes, and selected more purposefully than in the past the scope of state decisions. In the course of approving the plan, the requirements of flexibility and openness asserted themselves better than in the past. The social nature of medium-range planning also improved. Professional and public debates were held. The exchanges of view were useful also in the sense that they acquainted a very wide circle with the planning period's economic concept, and with the results and problems of the Hungarian economy's development. This strengthened the mobilizing and activizing nature of the national economic plan.

In recent years, short-term (annual) planning employed more consistently a multi-year outlook, analyzed more continuously the economic processes and adjusted more flexibly to the changing conditions when setting its targets and defining the tasks of economic management.

The system of planning indicators also has been modernized considerably. This system is basically suitable for reflecting the processes taking place in the economy and for planning future processes as well. The system of indicators may be judged good even on the basis of international comparisons; its information content is rich, and it is characterized by advanced integration. The system includes all the indicators of the socialist countries' system of national economic balances (for example, social product and national income), and also the

most important indicators of the United Nations system of national income and product accounts (for example, gross domestic product).

In perfecting national economic planning we thus have what to rely on, and the main task at present is essentially to accelerate the development to date. When proceeding further it is expedient to start out from the substantive problems raised within the economy. Outstanding among these is better coordination of the objectives and conditions, and of the instruments necessary for the realization of the objectives.

Reconciliation of Interests

Solution of this task alone necessitates perfection of entire planning and many of its elements. Decisive, however, is coordinated activity of the organizations, institutions and enterprises participating in or aiding planning, and simultaneously also qualitative improvement of the partial elements within planning. The need for this is obvious: the national economic plan is the product of a planning process that reconciles various interest relations, and in the course of this process the plan's objectives and the means of achieving them are formulated. Besides the central planning organ (National Planning Office), also the functional and branch ministries, other central agencies, and councils participate in this process, and so do the enterprise and cooperatives, which have particular interests of their own and organizations to represent them (for example, the trade unions, Chamber of Commerce, or National Council of Producer Cooperatives). To achieve the plan's objectives, active reliance within the plan itself is necessary on the economic instruments and their automatisms.

As a result of all this, the substantiated nature of the plans and the soundness and realizability of the plans' objectives depend significantly on the quality of the planning work by the functional and branch organs participating in national economic planning. And they depend also on the extent to which our concepts and proposals regarding the regulators support the principal objectives, and on how realistic and coordinated these objectives are. Related to this is the fact that modernization of enterprise and council planning is the key element in perfecting the system of national economic planning.

When formulating the objectives and the conditions necessary for their fulfillment, it is important to suitably reconcile the interests, not only among the planning organs but with the appropriate interest-representing organizations as well.

This requires strengthening the democracy of planning. However, there are numerous prerequisites for all this. First of all, the interests must be suitably expressed, and their representation must be ensured. It is also essential that the interests manifesting themselves in this manner be mutually compared, and even confronted if necessary. (For example, in relation to the policies for the individual branches--the concepts of industrial, agricultural or transportation policy--and even within them in conjunction with such questions as, say, possible alternatives for the development of extractive and basic-material industries and of manufacturing.) Only in this manner can the reconciliation of interests lead to the assertion of the national economic interest, to balanced economic growth, and especially to preventing some particular interest from becoming predominant unjustifiably, causing great disproportions.

Democratization of planning means that in the various stages of drafting plans the ideas and proposals must be debated more widely than heretofore within the appropriate committees of the National Assembly, with representatives of the social organs and interest-promoting organizations, at a time when the presented meaningful proposals still can be taken into consideration, depending on how realistic and how well substantiated they are, and in accordance with the existing possibilities. It is important that critics and presenters of proposals receive reasoned feedback regarding the outcome of their comments, whether or not they have been accepted, because this too can help spread identification with the plans and develop their mobilizing effect.

In conjunction with the tasks and objectives contained in the plan, further progress must be made in strengthening the economy's ability to produce resources and income. To develop the plan's concept, therefore, the planning organs must prepare partial concepts, studies and proposals on production, scientific and technical development, and marketing that are better substantiated and will produce a greater increase of effectiveness.

Openness, Flexibility

Intensive development increasingly demands intersectoral planning of the tasks to be solved, because growing production specialization and cooperation, the spreading of modern technology, the increasing integration of production and trade, and the comprehensive national economic tasks and programs have brought in the forefront of attention questions that are typically intersectoral ones.

The role of planning price and income processes will increase in the coming period. Computations of the income processes did not prove sufficiently reliable in the past. For example, forecasts of enterprise incomes were significantly underestimated in most cases, while in some instances real incomes were overestimated. It is important that coordinated income calculations be made already for drafting the concept of the five-year plan and the guidelines for the annual plans. In formulating the system of economic regulation more care will be necessary to ensure that the generated enterprise incomes are in accord with planned domestic spending. When processes evolve that are unfavorable in this respect, the warranted changes must be proposed in due time. More care must be exercised to ensure also that the reaction upon the physical processes of the income and financial conditions determined by enterprise activity and the economic regulators is taken into account in accordance with the plan. Especially important in this respect is to elaborate the developmental concepts in coordination with the incomes formed in accordance with the existing or changing economic regulators.

Closely related to the preceding is the question of planning in variants or alternatives. Alternatives must be elaborated in planning, for the development of the external and domestic factors that influence economic growth, and for the feasible ways and means of attaining the set objectives. The utilization of alternatives must be improved also by preparing variants for a wider range of possible economic conditions and higher probabilities.

Important progress has been made in recent years with respect to the openness of the plans. It should be emphasized that openness does not mean a relaxation of the requirements formulated in the plan; to the contrary, it means the emphatic and selective formulation of these requirements and their more consistent

assertion. The essence of openness is that during fulfillment it is possible to flexibly adjust to changing situations. It also means that the types of plans reflect more specifically the possibilities that exist in the given planning period. In relation to annual planning, openness means that planning is even more closely integrated with operational economic management, with implementation. This relationship is necessary also because the plan-conforming development of the national economy must be enhanced also with operational measures during the year. Such measures may intensify especially when essential changes in the external international conditions become so frequent that they cannot be foreseen reliably at the time of drafting the annual plans. It is important that the various specific measures fit organically into the interrelations of the national economic plan, and that national economic planning utilize the specific experience gained by operational economic management.

1314

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GREATER RESPONSIBILITY IN BUSINESS MATTERS REQUIRED

Budapest NEPSZABADSAG in Hungarian 28 May 83 p 5

[Interview with Dr Imre Markoja, minister of justice, by Laszlo Szabo, date and place of interview not given]

[Text] The evolved system of economic management has ensured for some time great decision-making independence for the "frontline" economic units: the enterprises, cooperatives and institutions. The economic units are managing public assets, and their good or bad decisions also mean the profitable or unprofitable, beneficial or harmful use and management of the public property entrusted to their care. Therefore it cannot be indifferent whether or not their decisions are well substantiated, careful, circumspect and responsible. The experience gained in recent years indicated that the achievement of independence in decision-making was not accompanied adequately by an increase of the responsibility of business managers, respectively by the possibility of bringing them to account. Government guidelines and measures, and a new law decree of the Presidential Council have recently been issued in the wake of this realization. We interviewed Dr Imre Markoja, the minister of justice, on the practical experience with the system of responsibility within economic activity and on the future legal requirements.

[Answer] After the 12th party congress, the government examined what we could do so that also the established legal order of economic activity might contribute toward more efficient solution of the complex tasks confronting the economy. To this end there have appeared, for example, measures to perfect the system of contracts, which plays an exceptionally important role in relations and cooperation between economic organizations, and to tighten contractual discipline. The government proposed also the modernization of the statutory regulations that wished to raise the level of legal activity within the economy. In this spirit the experience with the operation of the system of responsibility that evolved in the economy was evaluated, and it was determined what changes would have to be made, and where would new solutions have to be employed.

[Question] If I remember correctly, this study took two years, with the participation of lawyers, economists, ministry officials and enterprise experts. What recommendations did they submit to you?

[Answer] First of all that the system of legal institutions and regulations for the enforcement of responsibility has essentially been in place during the past decades, and therefore there is no need to elaborate brand new concepts. A variety of sanctions is available at present for the enforcement of responsibility. Depending on the nature and seriousness of the violation, it is possible to apply labor-law, administrative or criminal-law sanctions against the persons responsible, and the responsible organizations are liable to economic fines, civil lawsuits, and other measures. But the study also showed that, in spite of all this, the functioning of the system of responsibility still leaves much to be desired. Very often the responsible persons are not called to account even for behavior that causes substantial losses for the national economy; or if action is taken against them, the employed sanctions are not commensurate with the loss or drawback caused.

[Question] The instruments for the enforcement of responsibility are so diverse that one wonders why the authorized organs do not employ them.

[Answer] There are many reasons for this. I would mention the subjective reasons first. Even today it frequently happens that an economic organization, its director or executive with decision-making authority is not brought to account because the organization's role in the economy or the position of the person concerned is deemed too important to institute proceedings against the organization or person. Such proceedings would allegedly "discourage" them. It is likewise frequent that the applied sanctions are not commensurate with the degree of responsibility. Although more rarely, one also encounters unprincipled attempts to excuse the persons responsible, on the basis of subjective opinion or personal contacts. I am convinced that such an attitude and behavior are not only serious violations of socialist legality, but are politically very harmful as well, because they might shake society's faith in justice.

[Question] I think that the decision-making mechanism in the economy also influences how the system of responsibility functions.

[Answer]. Indeed it does. The economy's decision-making system and the successful functioning of the economy's system of responsibility are closely interrelated. If decision-making authority is not clearly defined between the organs of economic management and the economic organizations, and also within the individual economic units, the enforcement of responsibility becomes difficult. Serious problems may arise, however, also when the superior organs do not respect the economic organizations' decision-making authority and interfere in their affairs in an unpermissible manner.

The two-year study was conducted, as I have already mentioned, with the participation of a multitude of experts. Regrettably, it was forced to conclude that everything was not in order in this area as well, and because of this it was often impossible to determine who was responsible for the wrong decision or for failure to make a decision. Therefore the Council of Ministers emphatically called to the attention of the economic management organs and economic organizations the importance of accurately and unambiguously defining tasks, competences and decision-making authority.

[Question] In our economy decisions frequently are made by bodies, and the collective decision often masks personal responsibility. What can be done in such cases to enforce responsibility?

[Answer] In such cases it is possible, of course, to establish the responsibility of the entire body or of its members. But this responsibility is primarily responsibility of a political nature. Legally responsible are basically those who prepared the collective decision. Accordingly also the mentioned resolution of the Council of Ministers considers primarily the responsibility of those who prepared the collective decision, but as a generally valid principle it also states that the collective form of the decision does not exempt from personal responsibility.

[Question] Responsibility cannot be established without effective control. The problems that still exist in conjunction with external and internal control are common knowledge. How do you regard this question from the viewpoint of responsibility?

[Answer] So far as the system of state and social control is concerned, on the whole its development and functioning meet even the present requirements. Naturally this assessment does not mean that our system of control is faultless. Nobody disputes, for example, that the substantive quality and even the methods of control activity must be perfected. Within this it is particularly important that control audits do not merely establish the facts, but that controllers concern themselves with formulating the conclusions that can be drawn from the facts, and with determining who is responsible for the uncovered shortcomings or omissions. Thereafter proceedings must be instituted.

Effectiveness of the functioning of our system of control is influenced unfavorably also by the absence as yet of a close and nonrandom relationship between control and bringing to account. This, however, stems from the shortcomings of statutory regulation. In the course of perfecting the system of control, therefore, we will provide the legal basis for the authorized person's obligation to start disciplinary proceedings on the control organ's initiative and to advise the control organ of this. If this obligation is neglected, the person holding the control audit can turn to the superior organ, or to the state organ that oversees legality.

In connection with the so-called system of internal control I merely wish to mention that its organizational development and staffing are the responsibility of the economic organization's chief executive, or of the appropriate board in the case of a cooperative. Unfortunately we find that at many places due attention is not being devoted to this responsibility, and thus internal control is unable to meet the requirements that are placed on it also by statutory regulations.

[Question] Price control, especially in the case of products for which unregulated prices apply, is often very inadequate, and there is hardly anyone responsible for unjustified price increases. And yet responsibility for pricing is of vital importance within economic activity. Can any progress be expected in this respect?

[Answer] Most certainly. So far as price control is concerned, the Council of Ministers agrees that within the framework of perfecting economic management it will be expedient to review the organizational structure, tasks, methods and staffing of price control, and to adopt the measures necessary to improve the situation. Besides the national agencies, the councils also play an important role in price control. Here the better performance of this task is often

hampered by the dismemberment of price-control work. Therefore the government recommends that in the future the Budapest Municipal Council and the megye councils exercise price control through a single professional administrative organ designated by them. This will permit the concentration and more efficient utilization of the available manpower.

[Question] And in the area of quality control, will everything remain the same as before? Occasionally one feels that even the shoddiest products can be placed in circulation if they do not endanger life.

[Answer] The statutory regulations will change also here. Quality control is playing an ever-greater role also in the consistent realization of our economic-policy objectives. Primarily the economic organizations must ensure the safeguarding of quality, through quality control that is built into the process of production. However, quality control by the authorities also must be improved. This can be achieved partially by perfecting the organizational system of quality control and especially by making it more uniform, and partially by broadening the authority of the organizations authorized to control quality. A study of the organizational system's modernization is still under way, but the granting of wider authority has already occurred. A good example of this wider authority is that from now on also the quality-control organs themselves will be able to propose the levying of economic fines.

[Question] Let us dwell on economic fines in somewhat greater detail. Fines would be a useful sanction if they were employed when there is unfair profit or when consumers are being defrauded on a wide scale. It is striking that the number of economic fines levied is declining year by year. And yet I am convinced that cases of unfair profit and consumer fraud have not declined commensurately. Can this situation be changed?

[Answer] It not only can but must be changed. This is why we have broadened the circle of organs authorized to propose fines, extended the statute of limitations from 2 to 3 years, specified that the economic fine must be at least 30 percent higher than the attained unlawful profit, and made disciplinary action against the responsible persons mandatory after the levying of an economic fine. I hope that in the wake of these changes in the statutory regulations there will be a change for the better also in practice, because otherwise the legislation's good intentions to improve the situation are in vain.

[Question] I believe that not only unfair profit, but also unfair economic activity is a concept in the economy that now requires firm action. Could you tell us your views on this?

[Answer] My opinion is the same: we must indeed take firm action against unfair economic activity. In practice we often find that some economic organizations are doing business unfairly, defrauding their economic partners and the consumers. Unfortunately, action against them is hampered by the absence of comprehensive modern regulations that define unfair business practices and apply suitable sanctions to them. This gap will soon be remedied. I am confident that this new statutory regulation will provide suitable conditions for taking firmer action against those who violate the principles of socialist economic activity. This is in the basic interest of the entire economy and of the consumers as well.

[Question] When it comes to implementing a law, one ponders the responsibility of those who apply the law. Even the most perfect legal framework becomes worthless if it does not gain proper substance, if it is not applied properly. Has the Council of Ministers considered this problem?

[Answer] It has. The Council of Ministers also evaluated the activity of the organs that apply the sanctions. Here the Council of Ministers found that the proceedings before these organs are not always fast, consistent and sufficiently differentiated, and often the deterring effect of the decisions is lacking. In addition, many of the officials who apply the law do not fulfill their so-called signaling obligation, which requires them to inform about the uncovered irregularities the organs that have the authority to take action. Yet signaling is very important from the viewpoint of prevention.

[Question] I do not wish to find excuses for the organs that apply the law, but it is my experience that they too are encountering difficulties caused by over-regulation and by the complexity and frequent changes of the regulations.

[Answer] This is indeed true, and its harmful effects are evident also in the decision-making system and system of control. Thus the struggle against legal bureaucracy is of outstanding importance from the viewpoint of perfecting the entire system of responsibility.

[Question] What has been said so far indicates that quite a few new statutory regulations are being introduced also now.

[Answer] I am convinced that these new statutory regulations have been absolutely essential to the perfection and more consistent functioning of the system of responsibility. This applies, for example, to the resolution of the Council of Ministers that sets guidelines for the tasks involved. But modifications also are being introduced that amend the Labor Code, the law decree implementing the Criminal Code, the Law on Petty Offences and its implementing decree, and the decrees of the Council of Ministers on state control and economic fines. I can hardly describe in detail on this occasion these new statutory regulations. At best I can cite only a few examples to illustrate the essence of what we wish to achieve with the new statutory regulations. In connection with amending the Labor Code, for example, I would like to point out that the new regulations lengthen the so-called statute of limitations. In the future, therefore, more time will be available within which the competent authorities may institute proceedings against the persons responsible. Furthermore, as disciplinary punishment it will be possible to levy fines in the future on economic managers within a specific category.

[Question] Have the statutory regulations setting petty offences been changed solely for the purpose of perfecting the system of responsibility?

[Answer] No, but this was the primary objective. The changes are intended to speed up proceedings, to make them more consistent and partially also stricter. For this purpose, among other things, we broadened the circle of cases in which fines can be levied on the spot, and we also raised the maximum amount of such fines. At the same time we raised, from 10,000 to 20,000 forints, the maximum amount of the fine that may be imposed in petty offence proceedings. In the case of certain conducts that are more dangerous for society, the penalties have become stricter. It is common knowledge that in exceptional cases the punishment for petty offences may be up to 30 days in jail. Now in some categories such as

general vagrancy, for example, it will be possible to impose sentences of up to 60 days in jail.

The modifications institute several new petty offences to protect society and the economy, and the definitions of several other petty offences have been changed. In view of the new organizational forms of business activity, for example, it has been necessary to provide new possibilities for trying petty offences. Among other things, the regulations governing the responsibility of private artisans have been extended to members of business work partnerships. And in the future it will be necessary to apply the regulations governing responsibility in state and cooperative retail trade also to private merchants, contract managers and lessees.

[Question] The organs that tried petty offences often converted the petty offence cases into disciplinary proceedings, creating an awkward situation.

[Answer] This is indeed true, but the situation is changing. The organs that try petty offences now have been given wider authority. Up to now they were able to refer for disciplinary action the petty offences committed in the course of employment. This meant between 20,000 and 25,000 cases a year. This course of action not only violated the principle of equality before the law, but it also undermined consistency in prosecuting petty offences. From now on the administrative organs that try petty offences will always hear every case of petty offence committed in the course of employment, instead of referring such cases for disciplinary action. But the competence of the administrative organs trying petty offences is being broadened also by the fact that--in the spirit of our long-standing efforts at decriminalization--certain crimes against property and economic crimes are being reclassified into petty offences, by raising the value limits involved. I believe that these few examples will convincingly prove that significant changes in the Law on Petty Offences are contributing toward a general tightening of discipline.

The law, of course, cannot be omnipotent, especially not in the economy. The resolution of the Council of Ministers emphasizes that in the economy there are also other motive forces besides legal responsibility. In economic management and economic activity, therefore, the system of legal responsibility must function jointly and in coordination with economic and moral incentives, and with the systematic evaluation of compliance with the requirements set for economic managers.

The government is determined to systematically monitor and aid in the future the functioning of the system of institutions governing responsibility in the economy.

1014

CSO: 2500/281

ENTERPRISES FAILING TO IMPLEMENT REFORMS

AU191151 Budapest NEPSZABADSAG in Hungarian 10 May 83 p 3

[Article by Katalin Bossanyi: "From the Outside or the Inside?"]

[Text] "Do you know the story of the three envelopes?"--asks a director, alluding to the old joke in which a replaced enterprise manager leaves three envelopes behind him for his successor. The message in the first one is: blame everything on me. In the second: reorganize. And in the third: write three envelopes. "We are now at the second one, at reorganizations dictated from the outside," notes my conversation partner... What could be behind this expression of disapproval disguised in humor? A lack of understanding or perhaps indifference to organizational proposals coming from "above?" -- I ponder over the matter, for precisely the development of the inner enterprise mechanism is the reason for our meeting. At which point--in reply, as it were, to the unuttered doubt--the director hands me a study of his written as long ago as at the beginning of the 70's. The analysis begins with: "The reform has stopped at the factory gate..."

Clear Realization, Little Practice

The timeliness of this conclusion lies precisely in the fact that, even after 10 years, the truth of it still confronts us. Delving into the development of the enterprise organizational system--or rather its lack of development--views of top-level economic leaders, scientific treatises, and self-critical enterprises often arrive at the same conclusion even today. One of the reasons for the fact that our industry is adapting more slowly than is necessary and possible to the changed world market and domestic requirements is that the internal organizational, management and--what is closely related--incentive system of large state enterprises and trusts with a determining consequence and role is outdated. Therefore, its modernization is needed. It can be asked with justification: What progress has this process made?

Last year, the Ministry of Industry reviewed the internal management system of 2 mining, 7 machine industry, and 19 light industry enterprises. Its experiences are contradictory. In general, of course, the enterprises notice the disadvantages that arise from the insufficient development of the organizational system and decisionmaking mechanisms and are aware of the gravity of this group of issues and its direct effects of effectiveness.

However, they apply considerably less of the theses accepted in theory in the course of daily practice. At the majority of enterprises, decision-making is hierarchic and the organization is a multilayered one, so that, as a matter of course, information is forwarded sluggishly and occasionally distortedly from the decisionmakers to the apparatus that implements them. Of course, this applies in the reverse as well: the rigid structure isolates the leaders from the working people. Attempts have been made to increase the independence of factory units and plants at a few large enterprises, but, for the most part, they have "let go" of only functions--of exercising rights as employers, for instance--which thus far have come under the competence of the enterprise center only formally. The self-accounting of factory units also has been introduced only to a limited extent, which has a close effect on enterprise incentives. It is still common for factories to pursue their activity on the basis of the traditional internal plan breakdown and not through direct profit-orientation. Nor do they prepare product and cost analyses, so that they do not know exactly how much it costs to produce a given product, what is a profitable activity and which activity produces a loss. This problem manifests itself particularly noticeably in the case of factory units located at several sites that cooperate with each other. It follows from this that the enterprise "big cocoon" [nagy kalap] continues to hide actual differences between factory units and hampers product recycling and the elaboration of long-term marketing and development plans. And the lack of clear-sightedness falls into egalitarianism: instead of incentives, apportionment continues to predominate at such enterprises, that is, at those where there is something to apportion at all, for the vicious circle arising from a conservative internal mechanism ultimately closes at this point. As a result of the unclarified incentive patterns, the ability of factory units to take initiatives freezes and the withholding of performance at localities becomes the source of enterprise-level losses, hampering the market flexibility of the entire organization and the intensification of competitiveness.

The "Big Cocoon" Outlook

Still, it also appears from the analysis of the Ministry of Industry that even those enterprises that have striven to modernize their management and organizational system have thought mainly only in terms of patterns and models received from outside. In most of their solutions to problems, they servilely fell in line with and copied the guiding principles issued by the branch ministry, that is, only shifted organizational squares about, merged functions, and separated tasks, without an effect of all this on the management and operation of the entire enterprise, as though they would have merely wanted--as good boys--to fulfill the "expectations" laid down from the outside and check off the passages in the report that have to be given to the ministries at that time. The entire phenomenon is weirdly reminiscent of the process experienced at the propagation--urged also from above--of enterprise labor and plant organization 8-10 years ago. In the first phase--which had taken years--the enterprises responded with a similar attitude also at that time. And when did they substantively begin labor organization? When did they extensively apply domestic and foreign experiences? When these had become in their vital interest, when

surplus manpower has been used up, the sources of an extensive development exhausted, and investment possibilities limited. Although any analogy is rather inappropriate, probably such a response to impacts plays a role in the sluggish and halting modernization of the internal enterprise management and organizational system also today.

That is to say that there is no genuine economic inducement to radically transform the internal mechanism at most enterprises. And that implies that, despite the changes that have taken place in the macromanagement of industry and the tightening of the regulation system, seen through this approach, the enterprises have not been obliged to adopt a specific course until now. The "big cocoon" outlook, which they continue to adhere to, and the breakdown of plans, which continues to exist within the enterprises, are proof of the great cost-insensitiveness of the organizations and the fairly comprehensive problems of our stimulative-incentive system. (Also, it conceals leadership unsuitability and leaves enterprise reserves hidden, providing scope for bargaining and creating an ideology of preferential treatment and special assessment.) On the other hand, where direct outside economic effects that affect all organizations equally are lacking, organizational development requirements formulated from "above" and from "outside" can easily tempt those concerned to indulge in campaign-like tasks and sham solutions. That is the reason why the aforementioned director was able to refer, with more than a little self-irony, to that particular "second envelope."

Thus, it would be simple to declare the maxim that the development of enterprise organization is an internal affair to which, on the basis of their recognized interests, the enterprises either attend to or do not attend to, but that to force it, bring it home to them, or provide a recipe cannot produce much success. However, the development of the internal enterprise mechanism is a matter of much greater consequence and a much more determining problem from the viewpoint of the flexibility of the economy as a whole than to permit a continuation of waiting for the enterprises to "awaken to self-awareness." For this very reason, parallel with a modernization of the macromanagement of industry, quite a few large enterprises and trusts have been reorganized and factories and plants made independent. These were undoubtedly administrative measures initiated from above that, in some cases, went beyond the modernization of the internal organization. However, partly for industrial, historical, and structural reasons, and partly for reasons of the weaknesses of regulation and managerial prestige and opposing interests, it was not to be expected that large enterprises would carry out on themselves, on their own accord, these painful surgical operations, which are fraught with many kinds of contradictions, but, in the interests of making the inter-enterprise division of labor more rational and developing an industrial structure of appropriate proportions, is a pressing necessity today.

Disparate Possibilities

At the same time, it would be unfortunate to conceal that these organizational decentralizations, while accelerating the transformation of the organizational and management system in a part of industry, slowed it down

at many enterprises. Peculiar defensive tactics have developed under the motto: If the modernization of the internal organization succeeds too well, making plant units independent will be strongly suggested, so that it is better not to do anything. However, precisely this enterprise attitude elicits additional coercive measures "from above" and "from outside." An example for this is the case of the large machine industry enterprise that tried to prevent its "dismemberment" by showing that some of its plants were operating at a loss. Until now, the large enterprise has swallowed the deficit, but, if they became independent, this, too, would impose a burden on the budget. The argument was not accepted, because, irrespective of the level of economic activity at which it occurs, a deficit is, in any case, a loss to the people's economy. And then it is clearly better to be able to see where it occurs and for what reason. So the decision was made to reorganize.

Still, it may have been possible to find another, a more effective, an interim solution. There are many different kinds of methods, and it would be a pity to provide a recipe, since every enterprise itself must develop the direction of organizational development best suited for its tasks and objectives, which can be motivated also by the fact, among other things, that, one after another, supervisory committees with a new competence and councils of directors with decisionmaking authority are taking shape at large enterprises. Their function could be decisive precisely from the viewpoint of the development of the internal enterprise mechanism in the coming years.

CSO: 2500/282

OFFICIALS RELIEVED, APPOINTED

Budapest NEPSZABADSAG in Hungarian 28 May 83 p 4

[HUNGARIAN TELEGRAPH AGENCY report]

[Text] The Council of Ministers has relieved Lajos Szilagyi as deputy minister of construction and urban development, on his own request and with full recognition of his merits, in view of his retirement, and also Dr Jozsef Kadar as deputy minister of construction and urban development, in view of his re-assignment to other important duties. Simultaneously the Council of Ministers appointed Laszlo Petrovai and Endre Szucs as deputy ministers of construction and urban development.

The Presidential Council has relieved Dr Imre Molnar as deputy chairman of the Central Committee of People's Control, and Janos Szabo as state secretary of the Ministry of Construction and Urban Development, because of their retirement. Simultaneously the Presidential Council appointed Istvan Szalkai Toth as deputy chairman of the Central Committee of People's Control, and Dr Jozsef Kadar as state secretary of the Ministry of Construction and Urban Development.

The Presidential Council awarded the Order of the Banner of the Hungarian People's Republic to Academician Janos Szabo, state secretary of the Ministry of Construction and Urban Development, in recognition of several decades of outstanding professional, scientific and public activity, on the occasion of his retirement; and the For a Socialist Hungary Order of Merit to Lajos Szilagyi, deputy minister of construction and urban development, in recognition of several decades of outstanding professional and public activity, on the occasion of his retirement.

The awards were presented by Rezső Trautmann, deputy chairman of the Presidential Council. Deputy Premier Janos Borbandi, Laszlo Ballai, department chief of the MSZMP Central Committee, and Kalman Abraham, minister of construction and urban development, attended the ceremonies.

The Presidential Council awarded the For a Socialist Hungary Order of Merit to Dr Imre Molnar, deputy chairman of the Central Committee of People's Control, in recognition of his outstanding economic and social work, on the occasion of his retirement. Pal Losonczi, chairman of the Presidential Council, presented the award on Friday. Jozsef Szalkai, chairman of the Central Committee of People's Control, also was present.

OFFICIAL SEES NEED FOR MORE POTENT INCENTIVES IN AGRICULTURE

Budapest PARTELET in Hungarian May 83 pp 35-59

[Article by Dr Miklos Villanyi, State Secretary of Agriculture and Food]

[Text] Experience in management in the last 15 years shows a few characteristics of relations of interests which are not to be found--or at least not to the same extent--in other branches.

a) The number of large agricultural enterprises is relatively large: there are 1,200-1,300 cooperatives and state farms in the country. Some important products are being made by several hundred large enterprises, thus the conditions of market competition are set by organization.

b) The branch is multi-faceted and includes several sectors. Along with the larger number of cooperatives, the state farms still play an important role. About one-third of production comes from household plots and supplementary farms. The role of various associations, joint enterprises, specialized groups, and other forms of enterprise is significant.

c) Because of the larger proportion of the cooperative sector, there is more opportunity to make use of democratic forums in the selection of managers and in decisions concerning production and communal life.

d) Most profit stays in the large enterprises, thus the relations of interests encourage a lively spirit of enterprise.

The relatively larger role of subsidies has been maintained. Management organs tried to avoid any unjustified interference; on the other hand, the array of available management methods made it possible to flexibly change the controlled market.

In the economic management of agriculture, prices, the related subsidies and a more moderate taxing jointly guarantee the income necessary for the increase of production and the appropriate level of interest. Beginning with the late 1970's, the role of prices was consciously increased--this entailed a decrease in the kinds and amounts of subsidies (primarily those of investment) and an increase in income withholding.

The primary interest of the enterprises is connected, in farming too, to profitability. This must be increased in order to

increase the workers' personal interest;

create the financial basis for the improvement and further development of management;

create the specified amount of net income for centralization.

In agriculture, the price has its effects together with many other factors (the existing organization of work and factory, traditions in production, the quality of the land, marketing, the distance from the market, the optimal size of plants, branch coupling, etc.). The prices not only have an incentive role through controlling production and through interest but—especially recently—they also have the task of balancing the increase in overhead costs and of moderating the price changes that burden farming production. In the long run, however, similarly to the other branches of the national economy, agricultural prices must also better follow market conditions, domestic demands of consumption, and the permanent requirements of the foreign market (the kind, selection, quality, packaging and steady delivery of products).

The agricultural price system must also reckon with several factors, namely, with the biological factors of production, the variability of the production cycle, the variability of the land quality, the annual change of production, the existence of several sectors, the domestic policy of living standards, the world prices of agricultural products and the protectionism of the international agricultural market.

State subsidies constitute an integral part of management. They are aimed, on the one hand, at the acquisition of production equipment and the moderation of increasing prices of certain materials and, on the other hand, at the decrease of overhead costs necessary for a steady production. The objective may be to decrease kind and amount of subsidies if the prices affect cooperative and enterprise decisions more directly and more rationally than the subsidies do. The moderation of subsidies is often periodical, for the gradual increase in the cost of productive factors have contrary effects. The encouragement of new goals in production policy makes further subsidies necessary.

The financial system of agricultural enterprises under subsidy for adverse conditions and other reasons must be specially mentioned. Here the economic basis for the subsidy is the fact that the prices of agricultural products are determined on the basis of production costs under adverse circumstances but not under the most adverse overhead factors. The main objective of this kind of subsidy is to create the financial conditions for acceptable profits even in disadvantaged locations, to encourage in those areas a rational distribution of crops, and to moderate the processes of differentiation. It also has a role in creating socially still useful employment for the population of farming districts with limited production resources.

It is the task of income control to establish a balance between development and sharing, i.e., accumulation and consumption. Efficiency should be the basis for the use of development funds. The use of sharing funds should encourage, through incentives for extra output, the improvement in the use of live labor.

The agricultural tax system is the only one in the entire national economy which is based on gross income. Also, a large proportion of the profits are being retained by the large farming enterprises in order to provide an economic basis for their autonomous decisions. The basic purpose of the land tax is to take away a portion of incomes generated not by annuities originating from bad work but by the varied quality of the lands. This tax is progressively larger on better farming lands, and it is an appropriate means to eliminate the unjustified differentiation of large farming enterprises. In relationship to the existing incomes, however, it is low at present and thus it cannot fulfill its functions entirely.

Since the choice, the narrowing, and the broadening of the activities of the agricultural enterprises has basically become the task of the enterprises, the so-called production tax has been assuming an ever-increasing role in the economic control of industrial, construction, commercial, transportation and service activities. Its function is to demand identical accumulation in case of identical activity in the non-farming activities of the large farming enterprises. This function is essentially fulfilled. Still, this tax must be further developed, for preferences and non-preferences have in the meantime become widespread and thus the production of certain categories of products takes place under different economic conditions.

Despite the fact that the system of agricultural pricing, subsidy and taxing had basically fulfilled its function, it needs continuous improvement from several important aspects. First of all, in order to increase the adaptivity of the large agricultural enterprises, the pricing system must be made more flexible. The limitation of price-completing subsidies must also play a larger role in the regulation as a whole. Subsidies are significant primarily in the development of agricultural infrastructure, in the creation of a justified income balance of disadvantaged enterprises, and in a few costly investment projects with a slower amortization. In the tax system the withholding level of incomes generated by a better efficiency must be decreased, and at the same time the centralization of annuity-type incomes generated by the qualitative differences between the lands must be increased. All of this will, of course, result in a more intensive interest. It is a political task in the income regulation to change the present basic attitude. It is necessary that agricultural workers recognize the justification for differences in incomes resulting from the regulations which is better adapted to the large enterprises and which reflects the differences in output.

Characteristics of the Branches

The two large groups of agricultural enterprises (the cooperatives and state farms) employed different methods of taxing and income control for a long time.

In order to eliminate the obstacles to the cooperation between the farms, the methods of control have come closer to one another in the past years, having in fact become unified in 1980.

An important task of the control system is to maintain an interest of the household plots and supplementary farms, and to encourage the activities of large enterprises that integrate small production. The latter is important, for the present volume (or its increase) of small livestock keeping and vegetable and fruit production is unthinkable without the organizing and integrating activity of the large enterprises.

The economic conditions are the same for both large enterprises and small farms. But different technologies and overhead costs, and the small producers sensitivity necessitate individual solutions.

The prices of farm products (the basic prices) are identical for all agricultural producers. In addition to the basic price, small producers may also get certain surcharges (e.g. volume surcharge). Indeed, in the case of hogs, the so-called multi-year contract surcharge issued only by small producers. The principles of pricing of materials and production equipment used for both large and small production is generally the same. Small producers can also buy artificial fertilizer, insecticide and pesticide at subsidized prices. It is significant that the subsidy for the acquisition of certain small machinery has been available even after 1 January 1983. Small producers can get the same subsidy as the large enterprises for planting that is connected with large-scale plantations.

Because of the differences in the conditions for production, small cattle ranchers receive different subsidies. Large enterprises receive subsidies for increasing space and for the selling of the end-products (milk, beef cattle); small producers, on the other hand, receive subsidies for keeping dairy cattle. Of course, taxing and income control are also different. While the large enterprises pay taxes on gross income in addition to the land tax which takes away part of the annuity income, the small producers pay taxes on the income generated by the household plots and supplementary farms. Only excessively high incomes, at present in excess of 150,000 forints, are subject to income tax. Those who have vineries pay a specified sales tax on wine.

The following are the incentives for large-enterprise activity aimed at the integration of small production:

surcharges and subsidies for which large enterprises are qualified may be given when their own livestock or other products are kept or grown in household plots and supplementary farms;

disadvantaged agricultural enterprises may receive basic or special price subsidies for products from household plots and supplementary farms sold through the common farms;

large enterprises may lease their fixed assets that are unsuitable for an efficient large-scale production to the small producers.

Incentives within the Enterprise

State control transmits the interest of all state farms and cooperatives. It is indispensable for the efficient work of the enterprises and cooperatives. However, the experiences in this area are not yet generally good. It must be demanded that financial interest should have its effect where incomes are generated, and in proportion to the output. It is also an indispensable condition for the further improvement of our social democracy to have the managers of cooperatives and state farms delegate the authority and responsibility of making decisions to the individual branches and production units, creating a financial interest for it and sharing the profits. If the activity is unsuccessful, subsidies must be decreased.

The use of interest within the large enterprise is an internal affair. It is essential, however, that the workers, members of the cooperative, and mid-level managers know these regulations, know what they can reckon with by producing results, but also know the consequences of sloppy management that is contrary to the interests of the group and the community.

Unfortunately, there is a slow progress in our large enterprises in the development of interest and incentives. Some of the leaders of our cooperatives think it is enough to reckon with the effects of the regulations and the conditions of interest at the enterprise level. This view has become outmoded. The proliferation of forms of small-group interests (e.g., the method used in the Silver Spike Cooperative) is becoming more and more urgent.

It is well known that the so-called competitive price system that follows the foreign market prices has been used since 1980 in several areas of the national economy. This price system should have the responsibility to transmit the effects of world market prices. In agriculture and the food industry, this price system is ineffective because of several factors. These are as follows:

The non-ruble export prices of food products are much deflected (manipulated) in world economy. The changes in agricultural prices come in cycles, affected by demand and supply. To follow these annually or more often in our agriculture would lead to an intolerably unstable production.

In the world market of farm products there is more and more discrimination. What we feel most is the Common Market discrimination toward the socialist countries. For this reason the prices must not be followed in our own practice.

The competition among the developed agricultural countries for the market lowered the world market prices to such an extent that they do not even cover our domestic production costs.

Although almost one-third of the excess food production is destined for exports, about 70 percent of all production is for domestic consumption. Our population's supply and the stabilizing of our domestic consumer prices of food must not be dependent on the direct effect of the world market which is unstable, essentially disrupted, protectionist, and affected mainly by the balance of power.

In spite of the limiting factors, ignoring the world market conditions would entail grave consequences. Because

the production structure of agriculture must be so made that the production of marketable products are emphasized;

in spite of the short-term necessity of foreign exchange, the decision as to the level of processing of products must be made according to efficiency;

in the seller's market disproportionately lower prices are paid for low-quality products (if they can be sold at all), thus our domestic prices must also include the qualitative parameters;

our products must compete on the world market with products made with advanced technology on the one hand, and with products made under "extensive" conditions with low cost of labor on the other hand. Lower production cost is a basic condition for being competitive in agricultural exports.

Thus the adaptation of our domestic agrarian prices to the world market prices must be done in accordance with our domestic interests. Accordingly, the prices of all profitable products (e.g., grains and oil-crops) set by the state must include more profits. On the other hand, it seems justified (of course, without undermining internal supply) to include less profit in the domestic prices of products that cannot be sold on the world market at good prices.

In the branches expressly oriented toward exports the interest of the producing enterprises must be more directly connected to foreign prices, e.g., in the case of the products of the sheep branch, and rabbit and pigeon breeding.

The expansion of export production and the encouragement of higher foreign market prices make it necessary to make the price system recognize the higher cost of making better-quality products.

We must strive for an extensive use of a mechanical (objective) system of delivery and classification, and for the implementation of an economic equality between producers, distributors and processors. All of this demands the creation of marketing and organizational forms which make the foreign (both socialist and capitalist) demands more directly perceptible for our domestic producers. The common interest in export profits must also be widened. The generally good effects of the conditions of interest in agriculture does not mean to give up our search for new ways in many areas.

9414

CSO: 2500/249

REFORM OVERSEERS ALARMED OVER GOVERNMENT ACTIONS UNDERMINING REFORM PROCESS

Warsaw RZECZPOSPOLITA in Polish 19 May 83 pp 1, 5

[PAP report]

[Text] On 18 May a meeting of the Presidium and Secretariat of the Economic Reform Commission was held with members of the Presidium of the Economic Advisory Council in attendance. The meeting was called in order to review proposals for streamlining the institutional machinery of the economic reform during the period after 1 January 1984. The proposed changes are geared toward the more consistent implementation of the underlying principles of the economic reform.

A great deal of attention was devoted in particular to ways of curbing the controlled allocation of fabricating materials and raw materials and to the kinds of economic levers that could be applied to make the labor market operate more efficiently. A series of comprehensive proposals for streamlining the economic reform process will be submitted in mid-June to the Council of Ministers by the Economic Reform Commission.

The Presidium and Secretariat of the Economic Reform Commission and the Presidium of the Economic Advisory Council expressed great alarm over recently adopted rules governing sales of major consumer and household goods, e.g., carpets. It was pointed out that the practice of selling these kinds of goods on the basis of ration coupons is totally at odds with the publicly proclaimed principles of bringing supply and demand into balance as set forth in the National Socioeconomic Plan and the government's anti-inflation program, in addition to being incompatible with the underlying premises of the economic reform. Instead of balancing supply and demand in the marketplace this practice is contributing to the spread of government controlled rationing, an institution based on principles which are inconsistent with socialist economic principles, since it serves only to provide a source of additional income for the fortunate few or people who know how to "make deals" to gain access to scarce goods.

Members of the bodies attending this meeting also expressed serious alarm over the wording contained in the press communique on the meeting of the Government Presidium held on 16 May and specifically concerning the way in which founding agencies are to be given "greater opportunities for exercising control over the business operations of enterprises."

In clarifying this issue the government commissioner for economic reform [Fladyslav Baka] stressed that the government does not intend to call for any changes in the statutory powers of founding agencies in terms of their relations with enterprises. On the other hand, the government commissioner deems it to be essential that central agencies should play a more active role in taking advantage of the options already available to them in terms of having a say in the affairs of business enterprises while acting within the constraints of existing law and remaining completely faithful to the principles of enterprise autonomy and self-management.

CSO: 2600/921

PRICES MINISTER MEETS LUBLIN WORKERS

PM261400 Lublin SZTANDAR LUDU in Polish 7-8 May 83 p 3

[Report by A. Mankowska on 4 May meeting between Prices Minister Zdzislaw Krasinski and representatives of the Lublin Truck Factory (FSC), held during Krasinski's visit to the factory: "To Take a Swing At...Minister Krasinski"; passages between slantlines published in boldface]

[Text] /Prof Zdzislaw Krasinski, minister for price affairs, has this to say about himself: "I am the most unpopular minister in our government, and that is why I have granted myself the mandate to speak the bitter truth and put forward propositions with which not everyone must necessarily agree." And here is his confession, made at the start of his meeting with representatives of the work force of the Lublin Truck Factory (on 4 May this year): "I am an agonist, and so I will not deny that I would like to hear as much as possible of what you have to say here and find out as much as I can from you. I prefer lively, red-hot questions, coming directly from the audience, although I would rather not hear so-called coarse language or virulent tones. What I am concerned about, though, is that no one falls asleep in his chair here. I suggest the following format: three questions from the audience, followed by my answers."/

What were the questions put to the minister, who is charged with not keeping his word in the matter of "crusty, tasty breadrolls?" Here are some of them, asked by the workers already during Prof Krasinski's inspection of three large production departments of the FSC, namely the wheel assembly, forging and casting shops: /"What else is going to go up in price this year?"; "Can a worker afford to buy tomatoes at Z600 per kilogram out of his wages?"; "Is it true that banknotes are to be overprinted?"; "How much longer will negotiated prices remain in force?"; "Why do the work forces of large enterprises have to bear the major share of the burden of the crisis, because their pay is hardly competitive compared to incomes in the small manufacturing or nonsocialized sectors?"; "Does the minister know that a Polish worker has to work for 1 hour to earn enough to buy one pack of cigarettes, and that abroad that takes much less time?"/

How Much Did Our Real Incomes Fall as a Result of Price Increases?

There was no danger of anybody falling asleep through boredom during the meeting arranged--on the PZPR Factory Committee's initiative--between Minister

Krasinski and the representatives of the factory's work force: the tempo set by the questions asked and the dynamic and pointed, answers, which were not devoid of a sense of humor either, was that of an exciting football match. Which side won? To keep within the idiom of sports commentators, I could say that the sides earned a reply. The minister was invited to visit the FSC again in a year's time; certain questions remain open. Voices eager to continue the polemic were heard from the audience even after the meeting was officially declared closed.

The first batch of questions from the audience concerned, among other things, the cost of living. People were asking about /the rate of decrease of the population's incomes after the price increases introduced over the past 2 years; whether the government took any notice of the workers' opinions, put forward during their many meetings with the minister; why there was only one Prices Office but three types of prices: negotiated, controlled, and official; when would world prices be introduced in Poland, facilitating business transactions./

Before he embarked on his answers, Minister Krasinski reflected that the questions seemed simple, but were in fact quite difficult. To the question asking whether the government took any notice of the population's opinions on the question of prices, he retorted with an example drawn from the latest price increases. Opinion polls indicated that people were most afraid of the prices of electricity, heating fuel and gas going up, while increases in the prices of cigarettes, gasoline and alcohol were much less feared. Considering that all the former increases would contribute around Z8 billion to the state's budget, whereas raising the price of cigarettes alone brought in as much as Z40 billion, there was no hesitation about which variant to choose. And so listening to the voice of the people has indeed proved worthwhile, has it not?

The next problem concerned the three types of prices. Here followed a short lecture on the laws of economics which govern the market. The official prices (which include some 50 percent of all prices), operative, among other things, in the case of all basic food products, are a necessary evil. They will be gradually abandoned as economic stabilization in the country becomes more and more established. "We had fixed prices for 10 years," the minister argues, "and now we are suffering the consequences, because the increases had to be very high and drastic to start with--and yet they were still insufficient. Why, for instance, should food prices in an area of high agricultural concentration such as the Lublin region be the same as in Silesia? Why should the competition factor not be allowed to come into play here? In Kielce, for example, two types of deckchairs are on sale, both of similar design and quality: one at Z1000, the other at Z2000. The customer will of course buy the cheaper product, and the manufacturer of the more expensive one will go to the wall--yes?" (Here, however, a member of the audience breaks in to ask: "Well, have we in fact had any firms go under in the country in recent months?")

[PM261401] And, finally, the number one topic: How are we living?

/In 1982 the decline, caused by price increases, in the population's real incomes was estimated at between 25 and 26 percent. Since then the situation

has changed. The crisis reached its rock bottom in the second and at the beginning of the third quarter of last year. Since August 1982 industrial production has been growing regularly, and so have workers' wages. It is estimated that over the end of last year and the beginning of this year the latter rose by some 28 percent. If, therefore, we take price increases over the same period to amount to 10 percent, then the fall in the population's real incomes at present amounts to some 15 or 16 percent. [Figures as published] No more. This represents an improvement compared to last year's figures. And there is one fundamental truth: The level of real, actual incomes will grow if production increases. Only then will the money we earn keep its worth./

How Long Does a Worker in Poland Need To Work for a Pack of Cigarettes?

Nearly 2 hours have passed since the meeting with "the most unpopular minister in the government of the Polish People's Republic" began, and still nobody is showing signs of wanting to "beat a retreat"--and there is no shortage of questions either. The latter are quite belligerent and attacking, but they are also full of concern for the factory, the economy, and the country. Someone refers to the notorious affair of the very high earnings of the chairman and the employees of the "Laura" cooperative in Tarnow, and adds that the director of the FSC does not get a salary as high as that, and that there is a shortage of people willing to work in the forging shop, where the work is very hard. The wages do not constitute a strong enough magnet here to attract prospective employees. Workers employed in heavy industry--and here we need to include the FSC workforce--feel they are underrated when it comes to comparing their wages (the FSC average, including compensatory allowance, amounts to Z13,000) with those of employees of the cooperative sector, not to mention the incomes of those employed in the private sector, or farmers. Has anybody ever heard of a casting-shop worker able to build himself a house, on his earnings alone, comparable to those that one sees everywhere in the villages around Lublin?

And other questions, expressing people's doubts: Is it right that a skilled worker has to put in an hour's work to earn enough to buy a pack of cigarettes; or all of 3 days' work to buy a pair of shoes; or, 2 days' work for a shirt? Less time and effort is required to work for these things abroad. In February 1982, and also this year, we had steep price increases designed to restore equilibrium to the market--but that did not happen. Are the increases, then, going to be repeated ad infinitum?

/This time the minister starts at the end and answers a question with another question: Is it really true that nothing has changed at all since the prices went up? Do you still have to join the meat line at 5 am? Do you stand freezing outside the stores, stamping your feet for warmth? You can criticize the government for its mistakes, but you should notice and acknowledge the things which have already been done. After all, the food market has been restored in less than 1 year. It is true that we do not yet have 20 varieties of mustard and that there is a shortage of chocolate and coffee, but the basic articles are there, and there even is some choice! In March and April, people started saving again. They no longer run to the stores to spend every penny they have. And, speaking reproachfully, [the minister continues]: If you regard Poland in this way...you cannot continue in this negative attitude, for if you do, even the government will give up disheartened./

And now about the value of labor and the price of that pack of cigarettes. In the West productivity is five times higher than in Poland. This is due to their technology and organization, and also the fact that they are the sole producers of certain machines and, consequently, can sell them at high prices. And so Poland cannot be compared with wealthy countries. Moreover, we should also take the following view: Our cigarettes are expensive, but our rents are low and our social benefits are high and extensive.

/The problem of spreading the burden of the crisis between the agricultural community, the urban community and the nonsocialized sector received heated treatment from the minister, who argued his point as follows: If we assume per capita income to be 100, then until 1979 our agricultural sector incomes were equivalent to 79. In consequence, from 1975 Poland was the only country in Europe which had not increased its food production. It was simply unprofitable to produce food. By 1981 these proportions changed. Incomes in the agricultural sector were estimated at 118, compared to the urban sector's 100. In 1982 they were respectively 117 to 100. This year there has been another regression: agricultural sector incomes were 92 to the urban sector's 100. By comparison, for example, both Hungary and the GDR have for many years now kept the same proportions in allocating their incomes as we have applied here in the past 2 years. And they have no food problems there./

[PM261402] So we should not envy the farmer, but rather think about how, within our own capacity, we can resolve the problems connected with increasing production, making full use of our production potential, and increasing the earnings of all those who work well. /Heavy industry workers do not need to seek shelter under the protective umbrella of the state's social welfare system, for the freedom to take independent decisions they enjoy within the economic reform system, together with the practice of work force self-management, provide a guarantee of adequate pay for honest work./

Can a Bricklayer Earn More Than a Graduate Engineer?

The dialogue between the minister and the workers, the managerial cadre, and the administration workers of the FSC lasted over 3 hours. The duel in which words and arguments served as weapons was fierce and stubborn, and there was no shortage of controversial comments. Among other things, the following points were raised: That at the moment a bricklayer hired to build a house for a peasant can earn more than a graduate engineer employed by the state; and that young married couples are not given a fair deal, since their start in life happened to coincide with the crisis. Dr. Szymon Samonev, FSC deputy director responsible for economic affairs, gave an account of the factory's problems a year after the reform was first introduced. He spoke of its underprivileged starting position, with heavily worn plant, with the factory lacking the means to invest in the latter's renovation or replacement, and with the end product already obsolete. Many questions were also asked from the floor about various rumors circulating in the country. To give a few examples: Was it really necessary to spend foreign currency--hard-earned by the Polish worker--on buying washing powders abroad, instead of just the component chemicals necessary for their production? Is it true that the vehicle built for the Pope's use during his first visit to Poland was cut up and the metal used

for making razor blades, even though the Polish community abroad was offering \$1 million for it? And so on. The variety of questions and problems put to Minister Krasinski was truly extensive, ranging from transaction prices for raw materials to market prices of tomatoes and parsley.

Did every question asked receive a fully comprehensive answer? Were all doubts dispelled? Probably not. The person who asked about importing washing powders for dollars was told that the dollars came from "Pewex" [state-owned chain of stores selling imported and Polish-made goods for foreign currency], and the intention behind the government's move was to eliminate, at one stroke, the embarrassing situation of having to ration personal hygiene products. The move was fully successful. Are the complaints justified, then?

The minister also spoke on the subject of early retirement and the situation of young married couples. It was true that the government had made a mistake in estimating the employment situation, but would it have been possible to anticipate such a rush of "young pensioners" to start their not altogether deserved rest? After all, the Swedish parliament has just raised the retirement age for women. No one wants to avoid work there. And about the young people: "I do not see why youth is supposed to enjoy special privileges. When I was young, I used to carry suitcases for people at the railway station, to supplement my grant...."

/The "most unpopular of ministers" did, I think, win some popularity among the FSC work force--perhaps even, regardless of his announcement that the price of salt would go up, they found him likeable? For we always value and respect those who are genuinely committed to their cause even when they speak uncomfortable truths--and there is no doubt that Minister Krasinski is such a person. PZPR Factory Committee First Secretary Jan Skomorowski invited Professor Krasinski to visit the FSC again in a year's time, when some of the fruits of the reform now being implemented will be visible. Skomorowski was brief in his closing words winding up the meeting. He said: "It was a good lesson in reform. Thank you"/

CSO: 2600/923

FATE OF WORKERS SELF-MANAGEMENT DEBATED IN SEJM COMMITTEE

Warsaw ZYCIE GOSPODARCZE in Polish No 17, 24 Apr 83 p 2

[Article by Irena Dryll: "How Much Self-Management To Some?"]

[Text] I had a chance to listen to an interesting discussion on self-management. At a meeting of the Sejm Committee on Workers Self-Management on the 14th of this month, the process of reviving the workers' councils was evaluated. Members of Sejm heard the pronouncements of the representatives of ministries and of lawyers, and once more stood up in defense of self-management. Because it is apparent that although the idea of workers' self-management has not yet really been born, it is already being threatened.

Let us recall some facts: the law of 18 December 1982 on the extraordinary legal acts during the period of suspension of martial law rescinded the particular regulation of the martial law decree which suspended the functioning of self-management. At the same time it defined new principles according to which self-management can resume its work, and it has specified limitations that are to be observed during the time of suspended martial law. According to article 7, point 1 of the above-mentioned law, by the end of March 1983 the founding bodies should make decisions that permit the self-management units to resume their work in all those places where workers' councils were elected in accordance with the law on workforce self-government issued on 25 September 1981.

Within the time-limit stipulated by the law, such decisions were received from over 90 percent of the entitled units: 5896 out of 6512 enterprises and units. Positive decisions were issued by the ministers to 3406 (94.3 percent) enterprises grouped in 15 ministries and central governing offices; governors, mayors and heads of gminas [parishes] have permitted the establishment of self-management in 2080 (85.6 percent) units which they oversee.

The minister of metallurgy and engineering industry has rescinded the suspension order or permitted founding of workers' councils in 574 (82 percent) enterprises; 136 [enterprises] by 14 April have not submitted a written request in this matter, so their case has not been solved.

The minister of chemical and light industry does not face this problem any longer because each of his 709 enterprises has been already granted either a permission to found a self-management or to resume its operation. In spite

of the fact that requests from 39 enterprises have not been received by the ministry, the minister, following talks with their management, has issued a positive decision, not waiting for their formal requests.

The minister of mining and power industry has made on 30 March this year--1 day before the legal deadline--229 decisions that included all the units under his supervision, excluding [research] institutes.

The special conditions that now govern functioning of self-management in this ministry have caused some reservations by the members of Sejm and lawyers. These are different from those stipulated by the law on self-management. In the view of the representative of the ministry, Director J. Zimoch, this law as well as the law on state enterprises "...include solutions that are geared to the needs of processing industries, and do not take into account the specific conditions, aims and tasks of the fuel and power industry." This special nature requires "...assuring a broad and effective central supervision and coordination of fuel and power sectors. This pertains to enterprises which function in the sphere of development and supply of basic machines and implements as well as specialized investment construction. This has to do with a certain degree of limitation of prerogatives of enterprise's management, including self-management of its workforce, and this had to be considered when the decision was made on resumption of operations of the bodies of workforce self-management in the enterprises of the Ministry of Mining and Power Industry."

The limitations result from the fact that the majority (191) of enterprises have been included in a group that is of particular importance for the national economy, while 81 of them, including all coal mines, were classed as public utility enterprises. In addition, coal mines belong to associations that were set up on a obligatory basis, and whose directors and councils have been granted wider powers than usual. This is why, as Kazimierz Jezierski, a miner and member of Sejm, has pointed out, approval of self-management in a coal mine includes many limitations. Since there still will be a representative of the self-management in the association's council, the situation in his view is not as dramatic as it seems. The fact that the workers' council retains the right to voice an opinion on many matters and often to have a controlling function means that it has enough room to act.

In addition, the founding body not only can appoint and fire a director, it has a wider area of responsibility, and also approves enterprise's statute and its plan, every year and every 5 years it evaluates its activity, decides about assigning it new responsibilities, gives it permission to join an association or to set up a joint venture, and other prerogatives. More: annual and multi-annual programs of mining of coal and investment projects or research plans are approved by the association's council, while its director is empowered to maintain proper technical standard of [coal] mines, to ensure that appropriate work on improvement of work safety is being done, to evaluate risk situations, to have material sources for this purpose, and the like, etc. Regulations that differ from those generally observed govern, among other things, also the setting up of centralized development and technical advancement funds, transfers of income tax to the state budget, or dividing topical subsidies. Director Zimoch also reminded the members of Sejm, as he put it, of the initial decision

to exclude enterprises that are of particular importance for the fuel and power economy from the regulations of the law on enterprises, the approval of this idea by the Sejm Commission on Mining, Energy and Chemistry, and he announced that a draft law defining the different principles of operation of these enterprises will be prepared. At the conclusion he added: "The decisive majority of trade union organizations deny the need for creating self-managements of enterprises' workforces. It results from the workforces' attention being concentrated on trade union organizations, and not on self-management."

After his presentation member of Sejm, Zenon Szulc, commented: "We have learned from the information of the representative of the Ministry of Mining about some significant restrictions on self-management. It shows also that trade unions do not favor it either. Are such subsectors of industry as mining and power not fit to accomodate self-management?"

This question was directed by the member of Sejm to Prof Ludwik Bar, member of the Commission on Economic Reform and chairman of its Unit X, who was present at the debates. His unit has been working, and still is working, on formulation of the legal foundation of the economy's operation, while some time ago it prepared drafts of both laws that are of paramount importance for the reform: on the enterprise, and on the self-management of the workforce. Among other things, Bar has reminded us that the roots of the latter law extend to the systematic principles written down in the Constitution. Article 13 of the Constitution states: "The enterprises' workforces participate in the management of enterprises." It is their privilege and duty. People who work in the mines or in any other place cannot be denied the right to participate in management, neither can this right be limited. However, participation is a process which must ripen, one cannot be introduced into it in just one day. Self-management is the single representative of the whole workforce, regardless of its members' membership in organizations, their views or religion.

Substantial limitation of the workforce's right to participate in management, and such tendencies as are encountered in various groups and on different levels, can eventually result in a need--as the Prof Bar put it--of announcing the bankruptcy... of the self-management.

The mining theme, as sketched above, continued to show up through the length of the commission's debates. The members of Sejm deliberated whether the special nature of this sector of industry, which is widely known and recognized as such, justifies the inclusion of so many enterprises, including mines, to the category of public utilities. And if this criterion is accepted, is this a sufficient reason for applying to the self-management these particular legal regulations? Although Director Zimoch has maintained that all the regulations are consistent with the law, and argued--as the head of the ministry's legal services that it is not the ministry's regulations but both laws (on enterprises and on self-management) that have deviated from the binding legal order, he did not convince the deputies. Commission on Self-Management chairman, deputy Sejm Jozef Barecki, stressed that these explanations do not satisfy the commission. Sejm deputy Szulc has concluded that the Ministry of Mining abides by the binding regulations in a selective way; by utilizing [legal] acts of a lower rank it does not fully observe Sejm laws. "As a commission we should act as watchdog in the matters of implementation of self-management. Myself personally," said

the member of Sejm, "consider this to be realization of the resolution of the Ninth Party Congress. Calling the enterprises different names may be consistent with the letter of law, but is it consistent with the spirit of the law on self-government?"

For this reason the Sejm deputy proposed a motion that the whole matter be examined by the Superior Chamber of Control, though he consented to the suggestion of the commission's chairman to have the consistency of the ministry's orders and decisions with the letter and spirit of both laws basic to the reform initially examined by the commission's experts.

It must be said that the object of concern is not just mining, and not even mainly the Mining Ministry's regulations, whose special nature should be considered as a matter of fact in the process of implementing all the laws, that is to some degree (but what degree?). It followed from the pronouncement of members of Sejm and experts, among others of Dr B. Ziemianin, that the situation is ripe for an overview of the functioning of the system of economic law as a whole at the time of implementation of the economic reform.

First, one cannot be guided--and quite often this is the case--at the time of reform by laws and regulations that originated in the 1950s or 1960s, while basic legal acts issued in order to implement [the reform] are being ignored or circumvented. Second, one cannot issue executive orders that are fundamentally at odds with the laws on which the whole reform "hangs."

Examples of this kind were produced during the commission's debates. I shall recall one of them, given by the expert, Docent Tadeusz Jaworski. In addition to a list of 1370 enterprises of crucial importance to the national economy in which--in accordance with the law, although too "broadly" in relation to what it originally says--their director is being appointed by their founding bodies, a new, supplementary list has emerged that includes 434 enterprises implementing operational programs. The director is also appointed by the [founding] body there, while the council does not have a right to object. Some of these enterprises are included in the preceding list, some new ones were added, however. "Do the orthopedic shoe works in Szczercow, haberdashery or hosiery works in Lodz have to have their director appointed 'from above'?" asked the expert rhetorically.

It was suggested during the discussion that the commission should master all the emerging regulations and orders that indirectly or directly concern self-management. This would constitute the practical realization of the principle defined by the law as "in care of Sejm," a principle that governs self-management. There is a need for more active Sejm control of all normative acts. Many regulations are being prepared outside of any control; exclusively within the administrative apparatus.

"If the regulations' authors had known that their work would be scrutinized by an appropriate Sejm commission many of these [regulations] would have been formulated quite differently," stated Prof Bar. It seems to be a very symptomatic and weighty opinion, one that reaches even beyond the problem of self-management.

Third, in the opinion of the members of Sejm, delays in filling gaps in the law on self-management should not be tolerated any longer. A year and a half have passed since it was approved but problems of organization and operations of self-management in PKP, LOT, PZU, in mail and forestry enterprises, contrary to the declaration of article 48, still have not been settled. Lack of solutions in the matter of workforce self-management in the above-mentioned enterprises does influence its functioning in the remaining enterprises. One has to remember the principle of communicating vessels. Positive and negative opinions in one area affect the overall climate.

There is also lack--as the lawyer put it--of legislative initiative in another important matter. It is the question of settling the arguments by the court on the basis of articles 34, 57, and 58 of the law on enterprises, as well as articles 44 and 46 of the law on self-government. The regulations stipulate that the argument is examined by the court, and its decision is final. However, there is no specific definition in those laws of the kind of court, its composition and the manner of its proceedings. In view of the nature of cases and categories of disputes that the court until now has not been familiar with, the Ministry of Justice must provide a practical answer to this question.

The fact that living experience does not tolerate delays is being confirmed, among other things, by a letter addressed to the commission by the minister of transport. The minister asks the commission to give its permission for the activity of self-management in 56 enterprises until the time when the law on the state firm PKP is born. Previously they were independent and they qualified to be covered by the law on self-government. Presently they became part of the PKP, and until the above-mentioned new law is enacted they are not entitled to have a self-management. We are dealing here, among other things, with the railroad equipment repair works and railroad building works. "At present, in connection with the reactivation of activity of the self-governing bodies," writes the minister, "the workforces of the enterprises listed are applying for reactivation of the old self-managing bodies in these enterprises."

The commission has approved [this request], and its chairman has described this initiative as a positive--in comparison with other ones--example of a ministry's initiative that supports self-management, instead of limiting it. As the pronouncements of several members of Sejm, among others Z. Zgobicki, T. Maj, T. Urbanski, and Z. Proszkowski, revealed, so far this kind of administrative support for the self-management is an isolated case.

Sejm deputy Proszkowski, in his "civilian life" a worker at the State Optical Works in Warsaw, has relayed to the commission the feelings of the workforces:

In spite of the assurances of the higher-ups, these matters are being slowed down. In many workplaces self-management is treated as a hot potato. Myself personally and my colleagues, as well as my constituency with which I meet, feel that the law on self-government is an uncomfortable issue for the administration, or at least part of it. The orders system is easier: one does not have to account for anything to anybody, or be responsible to anybody who is below you. If you have self-management all the workplace units waste a lot of time. No wonder: administration is made up of professionals, while self-management is an amateur who is only beginning to walk.

Workers' councils are being accused of being occupied exclusively with dividing, continued member of Sejm Proszkowski. Actually this is the first topic they got hold of after the "unsuspension," because until that time usually the director did the dividing. I can only sympathize with the administration on the account of its misunderstanding of the workforces. If we want to convince the workforces about the credibility of the reform and changes they have to be engaged in the workplace's activities, specifically through the self-management.

Self-management, as member of Sejm Maj put it, does not have to be pampered, but neither can it be slighted or pinned down "by its resolution:" if it is not good we grab it immediately, a threat of suspension follows at once. In the Sejm deputy's view some managements have already forgotten the need to take into account the workforces' voice.

All the discussants stressed that the law on self-management must be treated as an integral part of the reform, without which it cannot be realized, as a chance that should not be missed.

The commission's chairman said, among other things, that one must look at self-management in a complex way, through the prism of the reform and even more broadly: to see in it an asset of the political system, a pillar of real democracy, a factor which is supposed to shape the structure of social activity. We cannot do anything without it in Poland.

I do not want to use high-sounding words but I have a feeling that self-management has now reached a dangerous turn. And the question: How much self-management and to whom? concerns its future and survival.

9644

CSO: 2600/844

GUS OFFICIAL DISCUSSES POLL FINDINGS ON LIVING STANDARDS

Warsaw TRYBUNA LUDU in Polish 16-17 Apr 83 p 3

[Interview with docent doctor habilitatus Jan Kordos, director of the Department of Social Research at GUS, by Zofia Krzyzanowska: "How Is Life Treating Us?"]

[Text] During the fourth quarter of last year [1982], the Central Office of Statistics conducted polls on the living standard of a representation of all the populational groups, which numbered 56,000 persons. The polls were unprecedented in the methods used because they took into account both the self-evaluation of the persons polled and the verification of this evaluation by the poll, which delved into the entire scope of family living conditions. The subject of the results of these surveys is being discussed with the director of the Department of Social Research at GUS, Jan Kordos.

[Question] The polls were conducted in October and November of last year [1982], therefore, during a period in which the effects of price increases were still fresh and together with them a feeling of a decline in the living standard. How did people assess their situation under these conditions?

[Answer] Despite general complaints about difficulties, 15 percent of those polled evaluated their own situation as good and very good, approximately 60 percent as average and only 28 percent as rather difficult or difficult.

[Question] Thus, it may be inferred that these people evaluated their situation with consideration given to the general socioeconomic conditions as compared with other people.

[Answer] Yes. The conditions of peasants turned out to be the best in this self-evaluation: as high as 19 percent of the peasants polled regarded their situation as "very good" and "good" while only about 14 percent regarded it as "rather bad" or "bad." Peasant-laborers evaluated their situation similarly although slightly worse. Evaluations within working families oscillated around the mean. Pensioners and annuitants saw their conditions with the most pessimism: barely 5 percent feels that they are living very well or well while as much as 47 percent claims that their living conditions are difficult or rather difficult.

[Question] To what extent does the self-evaluation correspond to the poll findings?

[Answer] Surprisingly, to a great extent, for as high as 83 percent of the self-evaluations are concordant with the poll findings. What is striking, above all, is the high degree of objectivity in the self-evaluation of the peasants--as high as 88 percent of conformity with the poll findings. The greatest differences appeared in the evaluation of the living conditions of pensioners and annuitants who often regarded them as worse than they were according to the pollster.

[Question] Perhaps this is a question of evaluating oneself in reference to others. Farmers compare themselves to other farmers and moreover their situation is relatively stable. Pensioners and annuitants compared their living standard to that of people who are actively employed while their situation worsens when they stop working.

[Answer] Undoubtedly. It is also a fact that the range in the standard of life in rural areas is considerably greater and more noticeable than in the city. This makes self-evaluation easier. In addition, the divergence between the self-evaluation of those polled and the pollster's findings is most often small, amounting to only 1 degree of difference, for example: "rather difficult" instead of "difficult", or "average" in the place of "rather difficult." However, it does occur that the living situation described by the person polled as "difficult" or "rather difficult" is verified by the pollster as good and even as very good. In the group of pensioners and annuitants, who in the opinion of the pollster are enjoying a high standard of living, approximately 44 percent regarded their situation as only good, 32 percent as average, nearly 9 percent as rather bad and 1.4 percent as simply bad. In general, the greatest concordance occurs in the "average" self-evaluations while evaluations on the extreme end of the scale are the least concordant with the poll. There are also instances where families who are really in need evaluate their living conditions as good or even very good. This happens in rural areas.

[Question] Could it be that they are accustomed to poverty?

[Answer] Perhaps it is a question of habit or maybe the lack of opportunity to compare themselves with others. Although, it should be said that "difficult" or "bad" conditions in rural areas indicate an incomparably worse situation than "bad" conditions in the city. These generally represent drastic situations. However, as a rule, the highest percentage of well-to-do people is found among peasant and peasant-laborer families as well as the lowest percentage of poverty conditions. In the category of pensioners and annuitants the situation is reversed.

[Question] To what extent does the pollsters' evaluation correspond to a family's belonging to a group of specified wealth measured by income per capita?

[Answer] To a great extent, although not entirely. A certain amount of families with the highest income find themselves in not the best of living conditions while a part of those with the lowest income are not experiencing extreme poverty, either. In your opinion, how many cars are there for every 100 families who find themselves in the lowest income group of up to 3,000 zlotys per person?

[Question] One.

[Answer] No, ten. One out of every 10 families, which is statistically considered as living under extremely difficult conditions, has its own car. Therefore, in assessing affluence, undoubtedly not only current income should be taken into account but also the resources in one's possession; housing, family, health situation; received assistance, etc. In our polls, we took into account most of these factors. A complete analysis of the results and establishing dependencies will, undoubtedly, shed more light on the living conditions of families. At the moment, we are only in the process of analyzing the results.

[Question] Is there any information, among the results which have already been analyzed, on the assistance received by those polled? The general consensus is that this assistance is of significant importance for protecting the living standard of families.

[Answer] The general consensus does not bear out. In October and November of last year, 19 percent of the polled families of pensioners and annuitants took advantage of financial assistance, 10 percent of working families and 6 percent of peasant-laborer families. Therefore, not that many. In addition, approximately two-thirds of this assistance came from relatives living abroad or in our country. For the most part, those receiving this assistance were better off financially. Barely 10 percent reached the poorer families.

[Question] That is in keeping with the order of things that well-to-do families usually have wealthy relatives. However, there is still the nonprivate form of assistance.

[Answer] Yes. In the majority of cases of granted assistance, 28 percent came from domestic institutions and organizations and 17 percent from places of employment. This assistance reached the most needy significantly more frequently, although, even it was not free of chance exceptions to the rule. From the assistance offered by domestic institutions and organizations, 40 percent went to families with the lowest income, half went to the "average" income earners and 10 percent to families with the highest income.

[Question] But, just a little while ago, we came to the conclusion that belonging to an income group is a deceptive gage of affluence.

[Answer] Yes, but there really is no other gage which could be used by the practice of social assistance.

[Question] Will you provide it with such a gage?

[Answer] No. Every gage, which is isolated from the whole, is deceptive. For example, we concluded that a family's very bad economic state is to a large degree related to alcohol. This does not mean that alcoholism always leads to this type of situation. Large families and young married couples who, *not a few*, frequently take advantage of their relatives' assistance also have a differentiated living standard. As a rule, physically or mentally handicapped persons, who live alone or who are deprived of family care, have very difficult living conditions. But that is the outcome of a web of several factors.

[Question] These are pessimistic statements for social policy. They reveal a limited degree of effectiveness of activity which encompasses entire social groups as well as a low level of accuracy in the assistance granted individually according to the criterion of the amount of income from work and services.

[Answer] Unfortunately, yes. Our polls expose this low level of effectiveness. The complexity of factors, which determine the degree of affluence, result in that granting assistance must be preceded by an examination of the entire situation. This can only be done individually. That is why, we must determine what, in our circumstances, constitutes a level which justifies social intervention. The meager funds, which we have for social assistance, dictate that such a change in its functioning is indispensable.

[Question] Thus, appropriate and more thorough methods of determining the living standard of families take on an even greater significance.

[Answer] Yes. I would like to stress here that the polls, which we conducted, are the first test of penetrating this problem, but also not the last. We will repeat and improve them in the future.

9853

CSO: 2600/763

PERSONAL INCOME DIFFERENCES, TRENDS ASSESSED

Warsaw POLITYKA in Polish No 19, 7 May 83 p 6

[Article by Jerzy Baczynski: "Up and Down"]

[Text] The structure of Polish incomes has never been in such disarray as last year. From January 1982, as a result of the introduction of economic reform, enterprises gained considerable freedom to fix the wages of their employees. They enjoyed this freedom, often in a rash manner, raising pay while the money lasted. This was followed by cost-of-living supplements which affected the level of incomes, and various additional payments connected with government decisions such as rewarding a growth in exports, Saturday or third-shift work, the growth of production in the second half of the year, etc. Now we are trying to assess the overall result of these developments. The picture emerging from as yet incomplete data is one of a landscape after a cyclone.

In the socialized sector of the economy, which employs over 12 million people, the average pay [cost-of-living supplement included] increased from 7,375 to 11,116 zloty a month, i.e., by half. This was equal to the growth recorded throughout the previous 5 years; however, as the cost of living doubled in 1982, real incomes dropped 25 percent. This was quite unusual. Poles earned half as much and could buy one-fourth less for the same money. At present, 11,000 zloty is worth as much as 5,500 zloty in 1981. It is understandable that everybody thinks they earn too little, despite the fact that economists maintain that, in comparison with the capabilities of the economy, even that is too much.

Not all the trades and professions benefited in an equal degree from last year's increases. However, GUS [Central Statistical Office] figures are not precise enough to find out who earns what.

GUS statistics, which constitute the only source of official information about incomes today, do not embrace all the employees of special services, political parties, social organizations or trade unions.

The statisticians are also unable to keep track of artists' fees, which account for a considerable proportion of incomes of people from the artistic community.

There is a general lack of figures on earnings in individual trades (it is not possible to compile a list of the 10 best paid trades in Poland), or in regions, or according to sex, education or working hours. Some studies are only in the beginning stages. However, on the basis of what data are available, let me look into people's pockets.

Below is a list of average monthly wages in individual branches of the socialized economy, from the highest to the lowest wages. The place a given branch occupied on the list in 1980 is given in parentheses. This will make it possible to see which workers advanced and which declined in the earnings league.

1. Industry (5)	12,301
including coal mining (not including cost-of-living supplements)	22,882
metallurgy	14,632
food industry	11,111
chemical	11,073
electrical engineering	10,857
light industry	9,662
2. Agriculture (6)	11,982
3. Construction (1)	11,631
4. Forestry (12)	11,449
5. Foreign trade (2)	11,154
6. Transport (3)	11,108
including shipping	17,865
railways	10,723
7. Municipal economy (7)	10,493
8. State administration and judiciary	10,167
9. Science and technology (4)	9,984
10. Domestic trade (16)	9,660
11. Health services (15)	9,473
12. Education (12)	9,085
13. Finance (insurance) (14)	8,975
14. Communications (9)	8,923
15. Physical education and sport (11)	8,843
16. Culture and arts (10)	8,563

According to the table, industrial workers are the best paid. Well, maybe that is the way it should be, but it is not the case.

These figures are the vagaries of statistics. The high average of industrial wage earners is the result of miners' earnings. Also, copper and metallurgical industry workers earned considerably more than the industry average. As for the remaining industrial branches, earnings were more or less equal to the national average, or below. In light industry, for example, incomes were on the average 1,500 zloty below the national average, which ranks light industry between science and technology earnings and domestic trade; in other words, in the lower half of the table. Also, electrical engineering (including electronics) returned earnings well below the national average. The days of the engineering industry lobby being

all-powerful appear to be long gone. Currently, the raw materials and heavy industries dominate the payroll league.

To be precise, first place in terms of earnings is occupied not so much by industry as by mining. However, it should also be added that 6,000 out of the 22,882 zloty earned by an average miner was pay for Saturday work at overtime rates. The big changes in the table since 1980 are not accidental--the lower half represents all nonproductive branches.

Last year, the average wage in the material production sector was higher by 2,347 zloty, or 25 percent, than in nonproductive areas. In 1979, the difference was 17 percent. This testifies to a greater decline in living standards of employees in the nonproductive sector, whose pay was not so greatly influenced by economic reform. As before, pay in this sector depends on the whim of the government, which has retained its powers of "governing and giving" in relation to this group of employees. Independent industrial enterprises enjoy the freedom to shape their payrolls whereas state-financed units are under close scrutiny. This means that the spontaneous growth of wages in production is--to some extent--offset by putting the brakes on payments in other areas, such as the nonproductive sector.

In 1982, the central authorities awarded pay raises to civilian employees of the police and armed forces, journalists, judges, firemen, university lecturers and employees of central cooperative unions, among other groups. At the end of the year, a resolution was passed authorizing 40 percent raises in state-financed institutions not embraced by the centrally awarded pay hikes, provided they economize to provide the means for the raises. But, on the whole, the growth of wages was slower than the national average.

One notable drop in the earnings league--and by several notches--concerns culture and arts. These, together with physical education and sports, are at the bottom of the table now. Whether this is the result of crisis or reform, the phenomenon is certainly disturbing. There are now plans to prevent employees of state-financed institutions from a further decline by tying the average pay in this sector to the industry average. Money for the raises could be taken from the Labor Redeployment Fund, which was introduced as a source of reserve funds in the event of unemployment. As the situation in the labor market is actually one of manpower shortage, the money could be treated as a kind of tax paid by those enjoying the advantages of reform and benefiting those whose incomes derive from the state budget.

It should also be noted that the communications branch found itself in "non-productive" company [falling from the 9th to 14th place]. A profitable pursuit everywhere else, in Poland this area has been stubbornly treated as an expensive luxury. It is not surprising that with wages averaging 8,792 zloty a month, the post office has trouble filling vacancies.

The table below shows those areas, according to GUS, in which wages grew the fastest in 1982. The national average wage in this period grew by 50.7 percent.

1. Forestry--growth by	70.4 percent
2. Health services	62 percent
3. Industry	56 percent
4. Domestic trade	51 percent
5. Education	49 percent
6. Foreign trade	48 percent
7. Agriculture	46 percent
8. Construction	43 percent
9. Transport	40 percent
10. Communications	39 percent
11. Science and technology	34 percent

The biggest growth of incomes was recorded in forestry and amounted to almost 5,000 zloty per employee. Health services wages grew by as much as 62 percent, yet remain in the lower part of the table, which testifies to the depth of the situation of these workers. The same could be said of domestic trade and education. Despite big raises, as many as 11 percent of the people employed in the education area get less than the guaranteed minimum pay of 5,400 zloty a month; on the average, only 2.6 percent of all Polish employees earn less than the minimum wage.

In no branch of the economy did the growth of earnings match the cost-of-living growth. The real pay of everyone was affected, although to varying degrees. Those least affected were people employed in the fuels and energy industries, whose real income dropped 16 percent [compared to the average 25 percent growth].

Other branches that suffered less than most were the food industry, chemical industry, trade--by 22 percent--and, of course, forestry.

Those who fared the worst were employees in science and technology branches --33 percent, design offices--32 percent, light industry and culture--27 percent, and communications.

Did pay differentials increase in 1982? According to opinion research, two-thirds of all Poles think they did, and that they should be brought under control. Meanwhile, the Ministry of Labor argues that exactly the opposite happened and the differences are smaller now.

In reality, it depends on how the differences are measured. There are more people at either end of the scale now, but there is a concentration of wages in the vicinity of the national average pay. Almost half of the work-force earns between 8,000 and 12,000 zloty a month.

According to the resolution of the 9th PZPR Congress, the minimum wage should amount to half the mean wage, whereas the highest pay should not exceed the mean wage by more than 3.5 times. Based on this, minimum wage should be 5,300 zloty with the highest pay 39,000 zloty, which means that the actual situation is as prescribed in the resolution.

Some 2.6 percent of all employees [250,000 people] still earn less than minimum wage; these people are employed mainly in the nonproductive sector. Only 4 percent of all employees earn more than 20,000 zloty a month [180,000 people] and as few as 0.8 percent [82,000 people] earn more than 30,000 zloty a month. Manual laborers are clearly predominant among the biggest earners. They are the financial elite now. The coal industry is an exception, as those earning 30,000 and more account for 14 percent of the workforce, but 41 percent of that group are employed in non-blue collar jobs [10 percent of industry management earn 40,000 zloty or more]. On the whole, half of all mining industry employees earn more than 20,000 zloty a month.

One proof that wages are levelling is that the difference between the proportion of those earning more than the national average and those earning less than the average now amounts to only several percent, whereas a few years ago those below the line were twice as numerous as those in the upper income groups.

On the whole, the huge income changes of 1982 were rather obscure. The structure of incomes arouses as much controversy today as it did before reform.

Unjustified differences between individual branches of the economy and trade groups have been preserved or actually grew worse. Despite plans to this effect, it has proven impossible to increase the role of base pay in overall incomes. This now accounts for only about 50 percent of income, with the rest being supplements, bonuses, awards, which are frequently totally unrelated to the work results.

New sources of income have appeared, just to mention the controversial motivational bonuses paid to those who take no sick leave. In many enterprises, extra money was divided without any formal basis or on the basis of fictitious titles. All of that was done in order to dispense with accumulated funds and cushion, at least to some extent, the effects of the February 1982 food price increases. Understandably, the bonuses and awards were meant to be additional cost-of-living supplements. So much did Poles earn in 1982, but few people are satisfied. Well, money alone cannot buy happiness, especially in times of crisis.

CSO: 2600/872

MINISTER ON REVISIONS IN GOVERNMENT CONSERVATION PROGRAM

Warsaw TRYBUNA LUDU in Polish 5 May 83 p 2

/Interview with Jerzy Wozniak, minister of Materials Management by Slawomir Popwaki/

/Text/ /Introduction/ After discussions in Sejm commissions and on the Sejm floor the deputies adopted a bill on conservation program which contains certain modifications as compared with the original proposal. The new version incorporates also numerous proposals and postulates advanced during the National Council of Workers Activists as well as during similar conferences held in individual departments and work places. Minister of Materials Management Jerzy Wozniak talked about these discussions and their results during an interview with a PAP reporter. We publish here extensive portions of this interview.

/Answer/ Adoption by Sejm of the bill on the conservation program does not signal the end of work. This program must continue to be formulated as time goes by and must be constantly updated. An economizing and rational management of all raw and other materials, fuels, and energy--this is a problem for today, for tomorrow and for future years.

There is a close interdependence between the adopted program of conservation and the 3-year plan. The increases in production and in national income foreseen in the plan are based in about 50 percent on conserved raw materials, energy and fuels. In this respect we have to rely primarily on ourselves. But even if we were very rich and had an abundance of all raw materials a program for their efficient exploitation would still be necessary. Even the richest /nations/ search for such reserves for only thus can they increase their wealth.

/Question/ What changes were introduced into the program as a result of public discussions?

/Answer/ Directly we took advantage of some 260 concrete suggestions. There were, of course, more suggestions than that but those others dealt with the same, or similar, problems. Among others, we have incorporated new long-range undertakings. Incorporated into the program, for instance, are additional

tasks concerning conservation of coal, exploitation of secondary raw materials, and decreasing of consumption of natural gas (in glassworks, among other places). Many suggestions dealt with organizational changes in the distribution and organization of the supply of raw and other materials. Included in the conservation program, among other things, were postulates for increasing production of sawdust-burning furnaces and for starting a production flowline for wastepaper refining. These examples do not exhaust the list of all submitted and accepted suggestions. There were many more of them. I want to stress once more that the adopted conservation program is open, but only in one direction: to be expanded and enriched by new tasks. Here every initiative is very valuable.

Question During past weeks a lot was said about mutual interdependence between the 3-year plan and the conservation program. At the same time there were voices and doubts raised whether the economic and administrative instruments will be sufficiently effective?

Answer In the economic reform there are many solutions aimed at increasing the efficiency and the conservation program is aiming in the same direction. If the instruments provided in the program prove ineffective we will employ others but we have to carry out the program. I would like to add that, in spite of appearances, the tasks envisaged in this program are not that high. In the GDR, for instance, consumption of steel this year is to be cut by about 10 percent and this is not happening for the first time. In the socialized sector of the GDR economy, in turn, between 1979-1982 alone they have decreased the use of raw and other materials by about 7 percent. The Polish economy is very wasteful. In the last 2, 3 years the efficiency of exploitation of raw and other materials has fallen considerably.

Question Which of the GDR solutions could be utilized in Poland?

Answer In GDR there is an extensive and economical system of conservation and of efficient use of materials. I stress: this is a system based on many years of scientific research. They have, for instance, some 520 products which are evaluated from the point of view of possible decrease in raw and other materials needed for their production.

We should create a similar system of technical and economic evaluation in our country. We must conduct an analysis of consumption of raw and other materials in individual categories of products and construct an appropriate system of updating and establishing norms so that we could start a concrete discussion with every establishment concerning the possibility of further rational management of materials.

This will allow to employ appropriate economic instruments and, if they should prove ineffective, to take advantage of prohibitions against manufacturing of products which veer away from averages in industrialized countries. The rules here must be very stiff and very strict. They must be applied not only on the central level but above all at the work places.

WORKER REMUNERATION, INCOME DISTRIBUTION PROGRAM EXPLAINED

Bucharest ERA SOCIALIST: In Romanian No 7, 10 Apr 83 pp 11-14.

[Article by Nicolae Nita, deputy director in the Ministry of Labor: "Consistent Application of the Socialist Principles of Work and Remuneration"]

[Text] As Nicolae Ceausescu said in his speech at the Plenum of the RCP Central Committee of 23-24 March 1983, "We must consistently carry out the socialist principles of ownership, work and distribution in the spirit of scientific socialism and socialist ethics and justice."

As it says in the Draft Program for Application of the Decisions of the National RCP Conference of 16-18 December 1982 on Remuneration for Work and Distribution of Workers' Incomes, "On the basis of the decisions of the National Party Conference of December 1982 and the directions and policies of Nicolae Ceausescu, party secretary general and president of Romania, concerning achievement of the new quality of work and life in all activities and consistent implementation of the program to raise the living standard, improvements are to be made in the legislation in order to improve remuneration for labor and distribution of incomes in accordance with the following principles:

1. In Romanian socialist society, every citizen has the constitutional right and obligation to perform work useful to society. Socialist society guarantees every citizen the opportunity to work in material, technical-scientific and social-cultural production according to his aptitudes and training.

By means of consistent application of the socialist principle of distribution in proportion to quantity and quality of work, each worker's remuneration and incomes will reflect his contribution to implementation of the production plan. No one can be remunerated or share in the profits unless he works, and no one can have a guaranteed income unless he works and unless he produces according to his job obligations.

2. Correlation of remuneration with the productivity growth of individual labor and that of the whole enterprise; improvement of the system of labor standardization and remuneration in order to establish a direct correlation between the plan indicators for the level of physical labor productivity and the labor inputs specified per product; provision for a greater growth of labor productivity

in keeping with the technical equipment of the production units, in order to enhance the efficiency of economic activity and to create the resources needed to increase the workers' incomes. Remuneration will be increased in direct proportion to the extent of fulfillment of the indicators for growth of planned labor productivity in each unit. Henceforth base pay increases will be differentiated according to enterprises and sectors of activity in proportion to the labor productivity growth obtained by each unit.

3. The overall contract system will be the main form of remuneration for work, and it will include all enterprise personnel. Measures will be taken to expand the overall contract system in all sectors of activity.

Besides the directly productive personnel, the overall contract system will also include personnel working in maintenance and repair, tool shops, internal transportation, warehouses, the functional departments and other sectors of activity contributing to implementation of the enterprise's plan tasks.

4. Increases in the variable portion of the total incomes of working personnel obtained from the planned remuneration fund, especially by increasing the contractual addition, the bonuses out of the fund for participation in implementing production, in making profits and in profit sharing, the bonuses for outstanding results, the bonuses for conservation of materials and manpower, those to encourage export, etc. In order to encourage working personnel to implement the plan tasks throughout the year, the bonuses will be awarded quarterly or monthly, according to the results obtained in the respective periods.

5. The remuneration fund will be determined according to a unit of output, an operation or a capacity, depending on the working time, the specifications of quality, and the number of personnel needed, and on the basis of the norms and standards set for the level of technical equipment and the technologies used, with better organization of production and labor. The remuneration fund will be closely correlated with physical production, commodity production sold and paid for, the export plan, the quality of the products, the regulation inputs of raw materials and materials, fuels and energy, and other qualitative plan indicators.

6. The workers, as owners of the production means and property of the entire people as well as producers and beneficiaries of the material and cultural values, are entirely responsible for the direct and effective management of every economic unit and for the proper and efficient management of the property entrusted to them.

To this end, the property of the socialist units will be assigned on a contractual basis to the ownership of the workers who work in each unit.

The Draft Program for Application of the Decisions of the National Party Conference on Remuneration for Work and Distribution of Incomes, approved by the Plenum of the RCP Central Committee in March 1983, is of vital importance to the nation's entire socioeconomic activity, to the all-around progress of Romanian socialist society, and to the further improvement of the Romanian people's material and cultural living standard. As specified in this program, consistent application of the socialist principle of remuneration according to quantity and

quality of work will lend new dimensions to all workers' individual and collective initiative and their sense of responsibility, as they carry out the RCP's policy and Party Secretary General Nicolae Ceausescu's guidelines and directions, for efficient management of material and financial resources, complete use of production capacities and manpower, and the resulting gain in all workers' incomes. Meanwhile closer correlation of individual incomes with production, labor productivity, economic effectiveness and better use of raw materials and manpower will be a vital factor for growth of the national income and a source of the funds for general social development and improvement of the people's living standard.

As we know, the extensive process of building the new social order provides for steady growth of the material base, continuous progress of the national economy, and further improvement of production relations, so that the workers' welfare has been regularly enhanced. Note that the greatest rise in the living standard occurred in the 1965-1980 period, as indicated by the evolution of the main indicators of the living standard (See table below).

	1950=100		
	1965	1970	1980
Per capita national income	354	482	11 times
Real wage	226	271	418 "
Average nominal net wage	305	382	664 "
Peasant incomes from work on CAP's and private farms, per active person:			
Real	189	202	434
Nominal net	296	342	822
Sales of goods	459	683	15 times

A critical part in obtaining these outstanding results was played by Nicolae Ceausescu's directions and the measures taken to base all socioeconomic activity upon the principles of workers self-management and self-administration, the extended system of workers democracy, provision for the masses' direct participation in management of the economy and of social activity in general, and the increased responsibility of every workers collective, the general assemblies, and the workers councils in determining and implementing the plan. The social and economic progress made is the direct result of the entire people's enthusiastic efforts and the unwavering confidence with which all workers follow the party policy of national socioeconomic development, growth of material production and labor productivity, reduction of production costs and material outlays, more intensive use of raw materials, materials, fuels and electric power, and greater effectiveness in all activities.

As we know, Romanian socialist society guarantees the right to work and makes it possible for every one to have an assured job in keeping with his training and the needs of social development. The number of new jobs has increased annually with the overall development of the economy, so that there are now over 7.5 million working personnel, or more than 70 percent of the total employed population compared with 4.3 million in 1965. In view of the efforts made by society to create new jobs, it is the duty of every worker in his turn to do useful work and perform his tasks completely, quantitatively and qualitatively, and very

efficiently, to keep trying to improve his professional qualifications, and to strictly observe plan and production discipline.

The socialist principles of ownership, work and distribution are consistently applied in the Romanian socialist order. The social character of labor has been developed. Social labor and the division of labor in society have been intensified and improved. Unfair distribution has been eliminated and replaced by distribution in proportion to each one's work and his contribution to the general development of society on the principle of "Neither bread without work nor work without bread." As the owners of the production means and the producers and direct beneficiaries of the material and cultural values produced in society, the workers directly participate in social organization and management, ensure the growth of production and productivity and a highly effective activity, and fully benefit by the fruits of their labor.

In all activities, every worker is remunerated in proportion to the quantity, quality and social importance of his work, and equal remuneration is received for equal work. The remuneration due the workers is that part of the national income that is designated for individual consumption, and it is distributed in its entirety to those who work on the socialist incentive principle, "From each according to possibilities, and to each according to ability." Meanwhile the effort is made to achieve a fair ratio between the low and high incomes and to provide all members of society with the necessities of life and physical and intellectual development.

In the overall process of social reproduction, the RCP has been applying the generally valid truths to Romania's particular conditions and acting in close correlation with the realities in Romania. Distribution according to work, an economic law of socialism, is used as the main economic lever of the material incentive and as an objective necessity of socialism. Since 1975, after an experiment begun in 1968, Romania has been the only socialist country that has a Law on Remuneration According to Quantity and Quality of Work, a law whereby all questions of remuneration for work in all activities are treated and regulated uniformly.

A particularly important part in the series of measures to improve the economic-financial mechanism is played by improvement of remuneration for work and of distribution of workers incomes by firmer application of the socialist principle of distribution in proportion to the work performed, and by increasingly close correlation of every worker's individual incomes with production, labor productivity, economic effectiveness, and better use of raw materials and manpower.

The improvement of the whole system of remuneration and distribution of workers' incomes is based on Nicolae Ceausescu's innovating conception of the all-around progress of Romanian society, which conception has lent new dimensions to the RCP's whole economic policy of enhancing the entire people's prosperity.

Accordingly, in order to heighten every workers collective's responsibility for management and development of socialist property, steps were taken to base ownership relations on new legal standards as a basis for distribution relations. Besides their capacity as collective owners of part of the entire people's property, through participation with social shares the workers will be able to directly

own a part of the property of the unit where they work. Possession of a social share in the enterprise's property will even further enhance the feeling of ownership of socialist property and the effort toward protection and development of the economic units, good organization of production and labor, and greater profitability and effectiveness in all social activities.

The draft program approved by the Plenum of the RCP Central Committee of March 1983 is aimed at more consistent promotion of the socialist principle of distribution in proportion to the quantity and quality of work, since every worker's remuneration and incomes are to reflect the contribution to implementation of the production plan. No one can be remunerated, have a guaranteed income, or share in the profits unless he produces according to his job obligations. "From each according to possibilities" means that everyone keeps enhancing his professional and technical level and his scientific and general knowledge and does his utmost, on the job and within the social division of labor, on behalf of social progress. The party demands opposition to and elimination of the simplistic conceptions and interpretations of some, and the attempt to receive everything from society and to give as little as possible or even nothing to society.

All incomes in all sectors are to be closely correlated with socioeconomic development. In other words, remuneration must depend both upon performance of the tasks at the place of work and upon fulfillment of the production plan for the enterprise, central or ministry as the case may be, thus uniting everyone's efforts on behalf of the national development plan and further improvement of the people's general well-being.

In the RCP's view, workers' incomes can and must increase in direct proportion to the work performed and reflected in the implementation of the production plan. No one can have a guaranteed income unless he works and produces according to his job obligations, just as the incomes in proportion to the output will have no ceilings. Romanian socialist society guarantees every citizen the opportunity to work in material, technical-scientific or social-cultural production according to his aptitudes and training. Actually, this means remunerating every worker on the socialist principle of distribution according to the quantity, quality and social importance of his work and depending on the contribution made to development of material and cultural production and of society as a whole and on the results obtained at work.

Improvement of the system of standardizing work and remuneration is aimed at a direct correlation between the plan indicators for the physical labor productivity and the labor inputs per unit of output, permitting correlation of remunerations with the growth of individual labor productivity and that of the whole enterprise and leading to correct proportioning of the requirement for manpower and the structure of the latter.

It is particularly important to expand the overall contract system as a main form of remuneration for work including all working personnel in the economic units on the levels of enterprises, factories, plants and worksites. The sum of the remunerations due personnel working on the overall contract system is set in direct proportion to the quantity of finished products produced, the quality of the latter and that of the output for export, with strict observance of the material inputs. Remunerations will be without ceilings when the plan is exceeded

but reduced correspondingly if the production obligations are not met. The overall contract concluded with the unit and with the higher organ specifies the obligation to produce a complete product, a physical object or a physical output within a certain time limit, the requirements for quality, the regulation inputs of raw materials and materials, and the overall sum due in remuneration for performance of the tasks stipulated in the contract.

The following example shows how personnel remunerated on the overall contract system can benefit by higher incomes through better organization of labor. A section in a machine building enterprise is assigned the task of making 2,700 215 horsepower engines with a brigade composed of 1,430 persons, including 280 indirectly productive workers, craftsmen and technical and specialized personnel. The whole brigade will receive 3,591,000 lei for the planned output, or 1,330 lei per engine, provided that the entire quantity of engines is produced, including 1,600 of them for export, the material outlays planned for the section are not exceeded, and there are no complaints about quality. If all 2,700 engines are produced according to the specifications, the whole brigade receives the entire sum specified in the contract, which averages 2,511 lei per person.

But if the whole brigade will try to extend the operation to several machines and to reduce the number of handlings and the amounts of transportation within the section and repair work (by better maintenance of the machines, equipment and tools), and if it succeeds by those means in producing the entire quantity of engines with only 1,300 persons (by transferring 130 to other fields where manpower is needed), the average remuneration will go up to 2,738 lei, or 9 percent more than that originally specified.

And if the whole brigade uses the originally standardized number of 1,430 persons but transfers the workers from the operating positions that were reduced to other directly productive jobs, thereby raising the use index of the machines and equipment, 3,028 engines can be produced and the average remuneration will reach 2,791 lei, or 11.2 percent more than the originally specified one.

Impressive results are obtained by increasing the variable portion of the total incomes of working personnel, especially by increasing the contractual addition, the bonuses out of the fund for participation in implementing production, in making profits and in profit sharing, the bonuses for outstanding results, the bonuses for conservation of materials and manpower, and those to encourage fulfillment and overfulfillment of production for export. In order to enhance the incentive of working personnel to fulfill the plan tasks throughout the year, the bonuses will be awarded during the year, quarterly or monthly, according to the results obtained in the respective periods. Therefore the variable portion, including all bonuses, additions, increases and compensations, will come to 24 percent and is to be raised to 27 percent and more by 1985.

The increase in the variable portion of workers incomes is intended to heighten the interest of the enterprise workers collectives, as owners, producers and beneficiaries, in the final results obtained by the enterprise where they work. To this end, when the remuneration increases begin this year the gain in continuous seniority in the same unit will be increased and extended to all sectors of activity. The quota for forming the fund for workers participation in implementing production, in making profits and in profit sharing will also be raised, so that

the sums obtained in this way in implementing the plan will amount to about 1 percent of the incomes received by the workers in remuneration as compared with about 2 percent now. Furthermore, in order to encourage outstanding results to be obtained by working personnel, the bonus fund is being increased from 1 to 2 percent during the year and a system is being introduced for awarding bonuses quarterly provided some plan indicators have been fulfilled.

Special emphasis is to be placed on fulfillment and overfulfillment of production for export and manufacture of high-quality products with better technical and operating parameters, lower material and energy inputs, and competitive in all respects with the best products in the world. Production for export will be guaranteed higher profitability and profits. Enterprises producing a greater volume of exports will make increased profits and will have a larger fund for workers participation in implementing production, in making profits and in profit sharing. A fund will be created to promote and maintain export of some products. The program also stipulates awards of annual bonuses out of a bonus fund consisting of 15 percent of the additional profit in the case of exports according to the plan tasks and 25 percent of it in the case of above-plan exports, as compared with the present 10 and 20 percent respectively, and the fund for workers participation in implementing production, in making profits and in profit sharing will be increased up to 10 percent within the limit of 1.5 percent of the value of the exports. And finally, enterprises overfulfilling their exports benefit by funds in foreign exchange up to 2 percent of the foreign exchange obtained above the plan, for purposes of arranging collective excursions abroad.

Of particular importance is that the sums working personnel may receive out of the fund for profit sharing, incentives to export, monthly and quarterly bonuses, or any other categories of bonuses or compensations will be awarded without ceilings on the legally provided terms and in proportion to the economic results obtained. But the sums that will be awarded to administrative and managerial personnel will be set at most in the same proportions as those for the other categories of personnel in a unit.

The remuneration fund for the economic units is to be released according to the extent of implementation of the planned physical production and of commodity production sold and paid for on the part of the whole enterprise. The work units and subunits benefit by the remuneration fund in proportion to the quantity of physical products produced on contract or on the overall contract system and on the basis of the fund set for the unit (per product or per operation) regardless of the whole unit's results. Therefore units, centrals and ministries are obligated to take steps to produce and deliver the output on time and to increase their labor productivity so that there will be a proper correlation between the remuneration benefits (in proportion to the quantity and quality of the work performed) and the extent of fulfillment of physical production.

At the state agricultural units, the remuneration fund will be released during the year in the form of an advance on the fund due for the output expected to be produced according to the plan tasks.

Economic flexibility is such that situations may arise where some enterprises are temporarily out of work or have to change their production structure, etc. The remuneration system provides appropriate measures for such situations. If for a given period it is impossible to use the capacities according to the plan

provisions, the enterprise managements are required to see that the surplus working personnel (including the managerial, technical and administrative personnel) are organized in work units and do such productive work as maintenance and repairs, construction or other services in units within the same central or ministry or in other ministries. In cases where the volume of production is to be curtailed for longer periods, only the strictly necessary working personnel are to be retained and those that have become surplus are to be transferred to other units.

The socialist principle of remuneration according to quantity and quality of work is an effective incentive for all workers to manage material and financial resources, production capacities, and manpower as efficiently as possible, permitting increased incomes for working personnel. Unquestionably the closer correlation of individual incomes with production, labor productivity, economic effectiveness and better use of material, financial and labor resources will be a powerful factor for growth of the national income, which is the source of the funds needed for general development of society and the greater good of its members.

As it was pointed out at the Plenum of the RCP Central Committee of March 1983, the improvements made in the system for remuneration and distribution of workers' incomes conform to the special programs to enhance the living standard and quality of life that were prepared at the suggestion and with the direct aid of Party Secretary General Nicolae Ceausescu, and they will heighten the sense of responsibility of the workers as producers, owners and beneficiaries for the protection and continuing growth of socialist property as the basis of the people's prosperity and happiness.

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CSC: 2700/198

CROATIAN ECONOMIC COOPERATION WITH LESS DEVELOPED AREAS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 5 Apr 83 p 8

[Article by V. Subic: "Strengthening of Mutual Ties"]

[Excerpt] In the next mid-term period, Croatia will set aside 70.87 billion dinars to stimulate development of the less developed republics and Kosovo, from which one-half (35.43 billion dinars) can be pooled ("associated"), which makes it possible for work organizations to finance common, economically significant development programs, with associated labor of the industrially less developed areas.

Croatian work organizations, guided by economic calculations and need, concluded with work organizations from Bosnia-Herzegovina, Montenegro, Macedonia and Kosovo--90 self-management agreements for mutual development programs, for which 9.7 billion dinars have been engaged, from the funds earmarked for pooling until 1985. Mutual development programs, as has been emphasized at the conference of the Social Council for coordination of activities on pooling work and funds in economically less developed republics and Kosovo, affect all industrial branches. Programs are geared toward the obtaining of raw materials, processing of nonferrous metals, chemical, lumber, rubber footwear, textile, electrical machines and other products, agricultural and food production, and building and other industrial activities, in which the manufacture for export and import substitutes has been particularly emphasized.

Most of the agreements concern the development programs which organizations from Bosnia-Herzegovina--54, Macedonia--23, Kosovo--10, and Montenegro only 2. However, interest for associating funds exists, and more associated work organizations, from less developed and developed areas, are discovering effective economic ties. The entire funds that can be associated have not been utilized, which means that financial resources for further associating are available so the Social Council believes that the engagement of more and more funds is necessary since it will, in a large measure, guarantee that the programs will be started, completed, and provide appropriate results. Therefore, it is necessary to intensify further activity in this area. Even more, as has been stated, in some cases only insignificant

amounts are associated, so that to the economies of the developed and less developed, further opportunities are available for financing mutual development programs based on mutual economic interests, as a fundament for pooling and creating larger revenues.

Analyzing current results obtained from inter-republic economic cooperation, the Social Council concluded that in spite of excessive unnecessary administering of associated funds and implementation of these programs, significant results have been attained in this area, considering the economic situation existing in the country, and problems encountered by associated work, in its cooperation efforts. However, the question is raised how to accelerate the tempo and increase activity with a view to realizing programs during the next 2 years? Equally, associated work should not resolve only current problems, but should simultaneously stimulate development. Therefore it is necessary to search harder for a base for associating and for solving some problems in development.

In reaching self-management agreements, as has been stated, everything is not simple or easy. Approval of written agreements on firm mutual programs is slow in coming. From less developed areas, such agreements are late by several months, and that inhibits associating. Sometimes the funds available for concluded agreements remain unused, so that at the end of the year funds applied in the less developed areas, in the usual way--through the Federation Fund (instead of through associating). There are some cases where doubt exists about some programs--whether to continue their development based on the principles of associating.

Banks have not contributed toward the realization of these programs and all of that hinders the entire activity of mutual development programs. It should be realized that associated work is experiencing great difficulties in realizing its current programs, and that is causing certain shifts and problems in restricting the financial structure. It is believed that the banks' activities in realization of these programs, should be much stronger than it is now, and that associated work must concentrate its attention on the solution of some problems remaining from the past.

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CSO: 2800/248

CROATIA, MONTENEGRO, BOSNIA-HERCEGOVINA ECONOMIC COOPERATION

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 6 Apr 83 p 11

[Article by J. Grubic: "New Horizons Are Opening"]

[Text] Associating [pooling] of work and resources by Croatian OUs [organizations of associated work] and development programs within Montenegro is proceeding at a slow pace, though it cannot be said that the activities of associated work, its groups, and the organs of sociopolitical communities, have been deficient. The conference of the two republics' economic delegations, which took place recently in Zagreb, is one of the series of contacts within the well-organized interrepublic cooperation. Discussion centered on the difficulties in realization of the just concluded self-management agreements on associating part of the Federation's Fund which is used as credit for the accelerated development of the less developed areas of the country (FNP), as well as on the common interests of some of the partners in the further development of Montenegro's economy.

Three agreements have been concluded in the areas of agriculture, and the construction materials, and paper industries. New possibilities are foreseen in metals processing, warehousing and packing for construction materials, forestry and the tourism and hotel industry, etc.

The basic reasons that only 3.5 percent of the financial obligations of Croatia toward Montenegro up to 1985, has been used, during the last 2 years, should be sought primarily in the same investment--development problems, large external borrowing, inadequate additional resources of the investors, but also in the fact that Montenegro has been late in passing regulations by which it would be possible to invest in the development programs from the resources of the Federal Fund for Less Developed Areas. Besides this, the procedure for getting approval on the agreements of organizations of associated labor [OAR] is very complicated (final word comes from the executive Council of the Assembly after collecting the opinions and views of the Economic Chamber of Montenegro), and finally there is still no complete agreement between the planning documents of Montenegro and its opstinas, particularly those less developed ones, which have investing priority.

however, Agroprom from Liscinj, Montenegrin tourists and Bjelovarac Irt; the housing construction factory in Spuz, the GKO (construction organization) in Titograd and Adriagradnja in Rijeka; and the Titograd "Obnova" and the Belisce industrial combine, have found a common language. The last one of these three programs is being worked on (furthermore, approval for Adriagradnja has still not been obtained). It is expected that the investors will enable the Croatian metal-manufacturing industry to participate in the development programs of the Ironworks in Niksic and the Aluminum Combine in Titograd, and thus satisfy its needs for metallurgical semifinished products, with a view to expanding exports of finished products to the world's markets. Since Danilovgrad has been abandoned as a site for production of bimetal strips, the Ballbearing factory in Rotor, as its investor, in the near future will carry out this program with Inzoturbina from Karlovac in some other location.

Also, conditions are being more closely examined for implementing the building programs for silos and a cement-packing plant near Titograd, development programs of the "Velimir Jakic" forestry combine in Plevlja, the "Tribina" lead and zinc mine in Mojkovac, the Obad combine in Cetinje, the Titeks (textile combine) in Titograd and building of tourist and hotel facilities on Orjen, on which the views of interested business partners from the two republics have to be confirmed.

In this very difficult economic situation for our country, inter-republic economic cooperation and activity on pooling part of the funds of the Fund for Less Developed Areas in mutual development programs of OURs, have been central themes in the discussion between the Economic Chamber delegates from Croatia and Bosnia-Herzegovina that were conducted recently in Zagreb.

Since the primary requirements for increasing production is the timely procurement of semi-finished materials, raw materials, and energy, the two delegations insisted on strict implementing of the mutually agreed upon obligations of the OURs. With increased export, possible barter, and the substitution of domestic for imported goods, wherever economically justifiable, the status of these two republics' balance of trade with the rest of the world, can be significantly improved. Contributing to all this will be the survey which has been started of the important products and services which are the subject of long-term transactions between their OURs, as well as suggestions of locations and activities which have been worked out on this basis and whose purpose is to promote mutual trade. Also contributing to this will be the regulating of relations in distributing foreign exchange through joint export.

Even though the electric power industries of Croatia and Bosnia-Herzegovina have successfully cooperated for many years, there still exist some unresolved questions which occupied the attention of the two delegations, i.e., the distribution of electricity from the production of the two hydroelectric plants on the Trebianica River, then, the unreconciled electric energy balance between the two electric power industries because the Tuzla IV thermoelectric power plant is having difficulties supplying users in Bosnia-Herzegovina and is decreasing deliveries to Croatia, as agreed upon in the bilateral agreement on the financing of this plant.

In regard to oil products, especially liquid gas, during crisis periods increased sale of these products has been demanded, but because of significantly reduced oil imports, neither INA nor Energoimport were able to fulfill their obligations according to the self-management agreements. The situation with coal is somewhat better since the Croatian Business Association for Coal (representing 126 OBR's from Croatia) contracted with coal mines from Bosnia-Herzegovina to pay a "development surcharge" for each ton of delivered coal.

To achieve long-term solutions in the supply of steel and other ferrous metallurgical products, OBRs in Croatia are prepared to invest under acceptable conditions. Therefore it was agreed that the Zenica Mining and Metallurgical Combine define as soon as possible, and submit to the interested partners a "Yugoslav concept" for the development (the third stage) of its capacities. This would be the correct way to overcome the difficult and extremely uncertain trends in supplying metal processors in general, thus, also the Croatian processors with steel which is in short supply.

The Boris Kidric Aluminum Industry in Sibenik will promote various forms of cooperation with Energoimport, through the production of alumina, the joint construction of a factory for anode blocks and other final products in this branch. In the chemical industry long-term contacts have been made, though there is interest for further associations of resources in mutual development programs, for example "Belisce" with the Soda-so Combine in Ljuba for the production of soda and sodium sulphate. An initiative exists among plastic manufacturers from Bosnia-Herzegovina to invest associated funds in completion of the DINA Enterprise on Krk. There are also a few programs which should be coordinated between the two republics as for example the production of fatty acids and alcohols (Modrica-Dubrovnik), and of polyurethane (Sipad-Uriolik).

Also discussed were development programs for Kardeljevo port, the pooling of funds for development of agricultural land in Lonjsko Polje, to assure specific long-term supplies of wheat, flour, corn, edible oils, and other foodstuffs to OBRs in Bosnia-Herzegovina. Further discussions touched on unfair competition between some domestic furniture manufacturers in foreign markets, and particularly, the problems that have arisen in realizing the planned aims of the Ricard Benet enterprise in Rijeka to manufacture pumps for engines of medium power (because stronger ties should be established with FAMOS).

During the continuing discussion, it was said that, with the assistance of the Yugoslav Chambers, OBRs from Croatia have concluded 34 self-management agreements with partners from Bosnia-Herzegovina, most of them on the basis of joint income. Of these, 43 are mutual development programs, by which about 70,000 new jobs will be created, and whose total estimated value is 4.1 billion dinars. Of the 4.3 billion-dinar share of Croatian producers, 4.88 billion are from the Fund for Less Developed Areas, or about one-half of Croatia's 5-year obligation to Bosnia-Herzegovina.

Problems result from the long delay in obtaining approval from authorized organs in Bosnia-Herzegovina. So, as of now, 16 programs are not yet registered. The reason for this delay is that the overall estimates of the obligations of Bosnia-Herzegovina toward earlier initiated but unfinished investments have not been completed. Besides that, there are difficulties with the determination of sites, since a desire exists for building certain production capacities in truly undeveloped optinas, regardless of resources and other factors relevant to site selection. Difficulties also arise from neglecting the primary phases in development and favoring manufacturing without enough concern for the present manufacturing capacities in Croatia and other developed areas within the Federation, that are based on the use of raw materials and other primary resources from Bosnia-Herzegovina.

Hope was voiced that after these discussions, the process of self-management pooling of work and resources will intensify, because it is expected that other economic producers will participate more than before. In this sense a beginning will be made in solving problems connected with the production orientation of the country and the share of the Fund for Less Developed Areas in projects related to raw and other basic materials. This pertains particularly to ferrous and nonferrous metallurgy and to the chemical industry for which pooling of funds is sought also from other sources, not only from the FNP. This relates to measures by which the FNP resources will be associated faster, especially for joint programs that will contribute to increasing exports and reducing dependence on imports. In it a significant role must be played by the commercial banks, particularly when programs of high priority and wider social importance are concerned, for which additional resources must be provided, and credit approval facilitated.

9982

CSO: 2800/248

ENERGY NEEDS, SUPPLY IN 1983

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 6 Apr 83 p 2

[Article by (RJ): "Enough Petroleum Derivatives Provided"]

[Text] 5 April--According to that which was written in the country's energy balance sheet, drawn up by the republics and provinces, and adopted by the Federal Executive Council, supplies of most problematic fuels--oil or mazut and other petroleum derivatives, should be available in quantities that the oil industry had requested. This means that petroleum derivatives in most demand--gasoline and mazut--will be in sufficient supply during this year to satisfy the needs of their users.

By the adopted balance sheet it was planned that 11 million tons of crude oil and 1.4 million tons of petroleum derivatives would be imported (originally it was planned to import 9.3 million tons of crude and a million tons of petroleum derivatives), and that domestic production would be 4.26 million tons of crude.

From the total planned quantity of available oil and its derivatives, 900,000 tons of fuel oil would be necessary to assure full operation of the "Negotino" power station and approximately one-third of the other thermoelectric power stations in the country based on mazut. It was planned that this year domestic production of electric power would reach 70.8 billion kWh, that 1 billion kWh would be imported, and 581 million kWh of electric power would be exported. Through the efforts of the republics and provinces, coal was obtained from Kolubara and the mines in Bosnia-Herzegovina, for production of an additional 600 million kWh of electric energy by the thermoelectric power station "Sostaj." This means that the country's electric power industry would be able to produce about 71.4 billion kWh, according to the plan adopted by the Assembly of Yugoslav Electric Power Industry.

According to the plan, coal mines would provide 60.6 million tons of coal, 897,000 tons would be imported, and a million tons exported, to secure foreign exchange for the immediate needs of coal mines, but also to secure enough solid fuel for production of electric energy, industrial usage and domestic heating. The plan calls for 3.4 million tons of coking coal to be imported, which should be enough for steel production.

Implementation of this year's energy plan depends in the highest degree on achieving the planned exports by republics and provinces, and on whether 17 percent of the foreign exchange thus earned is set aside for imports of oil. Realization of the plan will depend also on whether \$54 million will be secured for the coal mines to import spare parts and producer goods, and \$180 million for the needs of the oil industry. Planned production of coal and oil in the country is based on these foreign-exchange needs.

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